Budget Highlights

FOR THE FISCAL YEAR 2003-2004

THURSDAY, APRIL 3, 2003

The Honourable Neil J. LeBlanc, Minister of Finance

Budget Highlights

FOR THE FISCAL YEAR 2003-2004

Stronger finances ... stronger economy

- 2003–2004 brought second consecutive balanced budget
- In 2002–2003, the government recorded a $14.5-million surplus
- Real economic growth of more than 3 per cent in 2002
- Growth and employment predicted to remain steady in 2003
- $8-million investment in innovation
- $1.7 million to promote Congrès mondial acadien; Brand Nova Scotia

Lower taxes

- Personal income taxes reduced by 10 per cent, effective January 1, 2004
- All Nova Scotian income taxpayers to receive $155 refund
- Small business taxes reduced by $2,750 this year, saving up to $11,000 over four years
- Family caregiver tax relief increased by 75 per cent
- Nova Scotia Equity Tax Credits enhanced and extended

Quality health care ... better health

- Health spending increased $140 million, to record $2.1 billion
- Ministry of Health Promotion to focus on healthy living
- $29 million to secure, enhance access to doctors
- Hospital budgets increased $43 million, access improved
- $45 million for hospital improvements, new medical equipment
- Senior Pharmacare premiums frozen, co-pay capped
- $18 million more for nursing homes, seniors' costs reduced
- $5.3 million to reduce wait lists for home care
- $10 million to reduce wait times for cardiac care and other hospital services
- $2 million to train more nurses and doctors

Education for prosperity

- $43 million more for public schools
- Smaller classes, more help for special needs children, more resource teachers
- Increased emphasis on the basics
- Grants to universities increased $6 million; student debt relief $5.1 million
- $1.5 million for skills development programs
- More opportunities for adult learning

Investing in infrastructure

- $106 million for new highways and bridges, a $16 million increase
- $9-million investment begins $123-million Nova Scotia Community College expansion
- community college enrolment to increase by 2,500 students
- $62 million to build new schools
- $18.5 to renovate and upgrade existing schools

Managing our debt

- Budget surplus goes against debt
- Sale of Crown assets to reduce debt
- Debt to GDP ratio improving, from 46 per cent to 42 per cent in four years
- Foreign currency exposure cut to 20 per cent from 50 per cent in four years

www.gov.ns.ca/finance/

Trade (2002, $ millions)	
Total Exports	5,458.1
Total Imports	5,090.1
Nova Scotia Trade Surplus	368.0
Top Five Trading Partners - Exports	
United States	4,507.1
Other European Community	276.4
Japan	206.9
Other Asia	157.6
Caribbean (Central America and Antilles)	105.8
Top Five Exports by Major Commodity	
Fish and Fish Preparations	1,210.2
Non-Metallic Minerals, Mineral Fuels	1,111.1
Paper and Paperboard	538.1
Metals and Metal Fabricated Products	218.4
Lumber	212.6
Top Five Trading Partners - Imports	
Other European Community	2,030.1
Other Western Europe	1,057.0
United States	595.0
Caribbean (Central America and Antilles)	279.8
South America	272.5
Top Five Exports by Major Commodity	
Transportation Equipment	1,502.5
Non-Metallic Minerals, Mineral Fuels	1,493.2
Industrial and Agricultural Machinery	633.5
Metals and Metal Fabricated Products	450.1
Electrical Machinery and Equipment	202.3

Education

- $55.6 million in new money for education
- $123.0 million investment in the Nova Scotia Community College
- $5.1 million in debt relief for 9,800 Nova Scotian university students
- $5.0 million for smaller P-2 classes and children with special needs

Capital Investment

- $106.2 million for new highway construction and bridge replacements, a $16.0 million increase over last year
- $61.7 million for the construction of 10 new public schools and $18.5 million for school additions and alterations

Pocket Budget

Province of Nova Scotia

FOR THE FISCAL YEAR 2003-2004

For more budget information, visit the Department of Finance website at:

www.gov.ns.ca/finance

Population

Population (as of July 1, 2002)	944,765

Population by Age Group

Age Group	*Population*	*% of Population*
0 - 14	164,191	17.38%
15 -24	126,714	13.41%
25-34	126,461	13.39%
35-54	299,399	31.69%
55-64	99,667	10.55%
65-74	67,234	7.12%
75+	61,099	6.47%

Labour Force by Sector (2002)

Trade	80,600
Health Care and Social Assistance	52,900
Manufacturing	50,600
Educational Services	34,900
Accommodation and Food Services	34,100
Construction	30,100
Resource Industries and Utilities	27,600
Public Administration	24,400
Management, Administration and Support	24,200
Other Services	22,200
Finance, Insurance and Real Estate	22,100
Transportation and Warehousing	21,500
Professional, Scientific andTechnical Services	20,000
Information, Culture and Recreation	19,300
Unclassified	9,700
Total - Labour Force	**474,200**

Gross Domestic Product by Industry 2001

($ millions, reported in 1997 prices)

Manufacturing	2,132.8
Construction	1,080.7
Resource Industries	1,764.2
Trade	2,410.6
Finance and Insurance, Real Estate and Renting	4,484.0
Public Administration	2,200.6
Health Care and Social Assistance	1,642.6
Educational Services	1,195.7
Other Services	4,179.4
Total Gross Domestic Product	**21,090.6**

Tax Measures

- $155 - Nova Scotia Taxpayers' Refund Program - for every Nova Scotian who paid provincial income tax in 2001, 2002 or 2003
- 10% reduction in personal income taxes effective January 2004
- 3,500 of Nova Scotia lowest taxpayers will no longer have to pay provincial income taxes
- threshold for the Small Business Tax Rate increased to $225,000 in 2003; will be $300,000 in 2006
- Family Caregiver tax credits increased by 75% from $223 to $408

Financial Performance

- 2002-2003 surplus is $14.5 million; $13.2 million higher than the original budget
- 2003-2004 surplus is estimated to be $2.8 million
- Provincial Own-Source Revenues have grown $234.2 million over 2002-2003 Estimate
- Net Direct Debt to GDP ratio improves from 46.4% in fiscal 1999-2000 to 42.5% in 2002-2003
- foreign currency exposure down from 51.0% in fiscal 1998-1999 to 19.7% at March 31, 2003; achieves the target 18 months ahead of schedule

Health Care

- Department of Health spending increased by $140.3 million to over $2.1 billion
- DHA's budgets increase by almost $43.0 million to more than $1.0 billion
- an extra $18.1 million for Long-Term Care increasing the budget to $222.5 million
- Home Care and Care Coordination budget increased by $5.3 million to $126.6 million
- Office of Health Promotion adding $0.6 million to enhance programs, including $250K for tobacco control program
- $9.7 million more to meet the government's commitment to freeze the premium and co-pay within the senior's Pharmacare program

Pocket Budget | **Province of Nova Scotia** | **Department of Finance**

Budget Summary	Forecast 2002-2003	Estimate 2003-2004	% Change
Revenues	5,423,359	5,628,516	3.8 %
Net Program Expenses	4,570,054	4,756,460	4.1 %
Pension Valuation Adjustment	(23,000)	(13,600)	(40.9)%
Net Debt Servicing Costs	883,126	892,793	1.1 %
Consolidation Adjustments	(1,200)	---	N/A
Net Income (Losses) for GBE's	22,500	10,000	(55.6)%
Provincial Surplus	**14,479**	**2,843**	**(80.4) %**

Provincial Revenue Sources			
Personal Income Tax	1,357,321	1,317,200	(3.0)%
Corporate Income Tax	204,950	270,385	31.9 %
Harmonized Sales Tax	905,120	942,150	4.1 %
Tobacco Taxes	145,420	166,720	14.6 %
Motive Fuel Taxes	245,607	254,197	3.5 %
Nova Scotia Gaming Corporation	185,000	177,500	(4.1)%
Nova Scotia Liquor Corporation	160,208	166,800	4.1 %
Interest Revenues	71,169	69,390	(2.5)%
Registry of Motor Vehicles	72,569	73,704	1.6 %
Royalties - Petroleum	14,000	27,000	92.9 %
Other Provincial Sources	184,732	187,119	1.3 %
Prior Years' Adjustments	30,014	---	N/A
Total - Provincial Sources	**3,578,110**	**3,652,165**	**2.1 %**
Federal Revenue Sources			
Equalization Payments	1,192,860	1,242,870	4.2 %
CHST Payments	609,823	701,151	15.0 %
Health Reform Fund	---	30,000	N/A
Other Federal Sources	2,330	2,330	---
Prior Years' Adjustments	42,236	---	N/A
Total - Federal Sources	**1,847,249**	**1,976,351**	**7.0 %**
Total - Revenues	**5,423,359**	**5,628,516**	**3.8 %**
Provincial Revenues as a % of Total Revenues	**65.94%**	**64.89%**	**(1.6)%**

Net Program Expenses			
Agriculture and Fisheries	40,564	40,118	(1.1)%
Community Services	660,208	666,414	0.9 %
Economic Development	27,485	---	N/A
Education and Universities	1,136,919	1,186,046	4.3 %
Energy	---	7,814	N/A
Environment and Labour	25,981	27,558	6.1 %
Finance	13,196	13,236	0.3 %
Health	1,907,432	2,111,454	6.7 %
Justice	91,753	99,417	8.4 %
Natural Resources	56,366	59,160	5.0 %
Public Service	105,887	143,220	35.3 %
Service Nova Scotia and Municipal Relations	94,687	93,161	(1.6)%
Tourism and Culture	39,897	40,806	2.3 %
Transportation and Public Works	251,227	246,654	(1.8)%
Restructuring Costs	27,652	21,624	(21.8)%
Loss on the Sale of Crown Assets	800	---	N/A
Total - Net Program Expenses	**4,570,054**	**4,756,460**	**4.1 %**

Net Expenses by Function	Forecast 2002-2003	Estimate 2003-2004	% Change
Health	36.0%	37.2%	3.3 %
Education	20.3%	20.3%	--- %
Debt Servicing Costs	19.1%	18.3%	(4.2) %
Social Services	11.0%	10.7%	(2.7) %
Transportation	3.7%	3.6%	(2.7) %
Resource Development	2.7%	2.8%	3.7 %
Other	7.2%	7.1%	(1.4) %
Total - Net Expenses	**100.0%**	**100.0%**	

Key Economic Assumptions	2002	2003	2004
Gross Domestic Product (GDP) (constant 1997$ million)	23,966	24,640	25,332
GDP Growth Rate (1997$) (% change)	3.1%	2.9%	2.8%
Personal Income (% change)	3.5%	4.1%	4.3%
Employment	428,400	436,000	444,600
Employment Growth Rate (% change)	1.2%	1.8%	2.0%
Unemployment Rate (%)	9.7%	9.4%	9.2%
Consumer Price Index (% change)	3.0%	3.5%	2.5%
Retail Sales (% change)	5.4%	4.1%	4.7%
Exports of Goods and Services (% change)	(2.30)%	5.5%	3.7%

Net Direct Debt and Borrowing	2001	2002 (as at March 31st)	2003
Net Direct Debt ($ millions)	11,370.0	11,561.0	11,646.9
Total Borrowing Requirements ($ millions)	1,330.0	2,740.0	932.0
Foreign Currency Exposure	30.8%	28.9%	19.7%

Net Direct Debt to GDP Ratio

1999-2000	46.36%
2000-2001	45.11%
2001-2002	44.09%
2002-2003	42.54%
2003-2004	41.10%

Financial Variables and Sensitivities - Fiscal 2003-2004

Foreign Exchange Rates - CAD/USD	$1.5500
Foreign Exchange Rates - USD/CAD	$0.6452
3 - Month Treasury Bill Rate - Canada	3.30%
10 - Year Government Rate - Canada	5.55%

Provincial Government Funded Staff	Estimate 2002-2003	Estimate 2003-2004	% Change
Total Direct Employment	9,479	9,246	(2.5) %

Estimated Tax Expenditures and Credits for 2003	Value ($m)
Small Business Rate Reduction	74.5
Low Income Tax Reduction	18.4
Film Industry Incentive	15.5
Research and Development Tax Credit	12.7
Investment Tax Credit for Manufacturing and Processing	11.8
Equity Tax Credit	3.6
Labour Sponsored Venture Capital Corporation Tax Credit	1.0
Small Business Tax Holiday	0.6
Other Credits	0.8
Total	**138.9**

Average Income ($) by Source per Taxfiler (2000 Tax Year)	
Employment Income	17,960
Investment Income	1,100
Government Transfers	4,120
Private Pensions and Other Income	2,800
Total Average Income	**25,980**

Personal Income Tax
Comparison to Other Jurisdictions
Comparative Marginal Tax Rates

** Highest marginal rates include sur... Assumes that the 2003 rates for the other Provinces also apply for 2004

	Lowest	Highest
BC	6.05	14.70
ON	6.05	17.41
NB	9.68	17.84
NS	8.77	16.67
PE	9.80	18.37
AB	10.00	10.00
NF	10.57	19.64
MB	10.90	17.40
SK	11.00	15.00
PQ	16.00	24.00

	Lowest	Highest **
BC	6.05	14.70
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Pocket Budget | **Province of Nova Scotia** | **Department of Finance**

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Employment Growth Rate (% change)	1.2%	1.8%	2.0%
Unemployment Rate (%)	9.7%	9.4%	9.2%
Consumer Price Index (% change)	3.0%	3.5%	2.5%
Retail Sales (% change)	5.4%	4.1%	4.7%
Exports of Goods and Services (% change)	(2.30)%	5.5%	3.7%

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Net Direct Debt ($ millions)	11,370.0	11,561.0	11,645.9
Total Borrowing Requirements ($ millions)	1,330.0	2,740.0	932.0
Foreign Currency Exposure	30.8%	28.9%	19.7%

Net Direct Debt to GDP Ratio

1999-2000	46.36%
2000-2001	45.11%
2001-2002	44.09%
2002-2003	42.54%
2003-2004	41.10%

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Total Average Income	**25,980**

Personal Income Tax
Comparison to Other Jurisdictions
Comparative Marginal Tax Rates

** Highest marginal rates include surtax. Assumes that the 2003 rates for the other Provinces also apply for 2004.

	Current Marginal Rates			*Revised Marginal Rates*	
	Lowest	Highest		Lowest	Highest **
BC	6.05	14.70	BC	6.05	14.70
ON	6.05	17.41	ON	5.65	17.41
NB	9.68	17.84	**NS**	**8.79** (3rd)	**16.69** (4th)
NS	**9.77** (4th)	**18.34** (7th)	NB	9.68	17.84
PE	9.80	18.37	PE	9.80	18.37
AB	10.00	10.00	AB	10.00	10.00
NF	10.57	19.64	NF	10.57	19.64
MB	10.90	17.40	MB	10.90	17.40
SK	11.00	15.00	SK	11.00	15.00
PQ	16.00	24.00	PQ	16.00	24.00

Nova Scotia Budget

FOR THE FISCAL YEAR 2003-2004

The Honourable Neil J. LeBlanc, Minister of Finance

Nova Scotia Budget

FOR THE FISCAL YEAR 2003-2004

Nova Scotia House of Assembly
April 3, 2003

by the Honourable Neil J. LeBlanc
Minister of Finance

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Introduction

Monsieur le Président [Mr. Speaker], when Nova Scotians tune in to the supper hour news tonight, or pick up their morning newspaper tomorrow, I hope they will understand one thing: This is their budget.

This is not some obscure fiscal treatise about balance sheets. This is about people. What we do here has impact on their lives, and their futures.

This is about Nova Scotians who work hard to feed, clothe, and house their families. They pay their taxes and contribute to their communities.

It's about children who have a right to grow up happy and healthy and, when they are ready, to find all the opportunity in the world, right here at home.

It's about Nova Scotians, ill or well, who are concerned about health care.

Mr. Speaker, this budget is for Nova Scotians who believe we can control our own destiny and, with that belief, have greater confidence in our future.

This budget is for Nova Scotians who have weathered the years of deficits and cutbacks wondering when, if ever, it would all end.

If the past has taught us anything, it is that government's first responsibility is to spend every tax dollar wisely. Taxpayers expect and deserve no less. We may not always succeed, but this government always tries.

Today in Nova Scotia, carefully controlled spending is no longer a symptom of financial weakness. It is an enduring commitment to our increasing financial strength.

One year ago, I had the privilege of presenting a budget that was balanced. It was, and is, an all-in budget. There were no off-book boondoggles or Crown corporations bleeding red ink on hidden balance sheets.

Budget surplus $14.5 million in 2002–2003— goes against debt

Today, I can report we are forecasting a budgetary surplus for the 2002–2003 fiscal year, the year just ended, of $14.5 million. Every dime goes against the debt.

Program spending was just 1 per cent over the estimate presented a year ago. Mr. Speaker, that is controlled spending. That is financial performance. That record says this government met and will continue to meet its first responsibility. To spend every tax dollar wisely.

Tabling budget documents

Monsieur le président, j'ai l'honneur de soumettre aux membres de cette grande assemblée et à la population de la Nouvelle-Écosse, le budget pour l'année financière 2003-2004.

[Mr. Speaker, I have the honour to present the 2003–2004 budget, estimates, and supporting documents to you, to this legislature, and to the people of Nova Scotia.]

This is an active government. I recommend to all members the Government Business Plan and Crown corporations' business plans, which I will now lay on the table.

I also beg leave to table the estimates and supplementary estimates for the year ahead. Additional budgetary detail is also provided in a series of budget background papers and bulletins.

Taken together, Mr. Speaker, these volumes detail the revenues and the spending plans of the province for fiscal 2003–2004. In the interest of time—if not as an act of mercy—I will not draw attention to each of those programs and plans.

I know that somewhere down the line, I will be chastised for failing to mention some vital sector or important aspect of Nova Scotian life. But honestly, Mr. Speaker, budget speeches have grown too long. Today, I intend to buck that trend and focus on the big picture.

What the numbers say

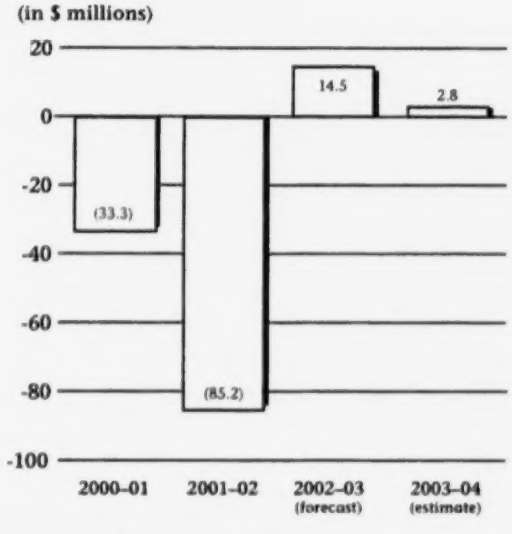
2003–2004 budget is balanced—anticipates $2.8 million surplus

Monsieur le Président, vous avez devant vous un budget équilibré. [Mr. Speaker, the 2003–2004 budget is balanced.] It anticipates a surplus of $2.8 million. That surplus is based on revenues totalling $5.63 billion, an increase of $297 million over last year's budget estimate. The lion's share of that increase—$234 million—comes from provincial sources. That growth in own-source revenue is a clear indication of steady economic growth.

I should add, Mr. Speaker, that tax reductions totalling some $96 million have been netted against that revenue estimate.

The government is extending the Large Corporations Capital Tax for another two years, to March 31, 2006. This tax applies to about 1,040 of the largest of Nova Scotia's 24,000 corporations. It is expected to generate about $53 million in revenue this year.

Fiscal Plan
2000–01 to 2003–04



Deficit/surplus is before unusual items.

Provincial-source revenues growing far faster than federal transfers

Mr. Speaker, growth in provincial source revenues far exceeds the increase in revenue from the federal government. Budget-to-budget estimates show a $62.5-million increase in revenues from federal sources. The only source of new federal funding is the First Ministers Agreement on Health Care.

On behalf of Nova Scotians, I welcome the federal government back as a partner—albeit a minority partner—in health-care funding. We have missed them.

In 2002, Nova Scotia experienced real economic growth of 3.1 per cent, closely following the national growth rate, which was 3.4 per cent. Employment grew by 1.2 per cent, and unemployment remained at 9.7 per cent. Nova Scotians' personal income levels grew at a rate of 3.5 per cent, a half of point better than the 3 per cent rate of inflation.

Steady growth in GDP, employment forecast

For the year ahead, in line with most other economic forecasters, we are projecting steady GDP and employment growth, of 2.9 per cent and 1.8 per cent respectively.

Provincial Forecast Assumptions

	% change		
	2002	2003	2004
Real Gross Domestic Product, 1997 Chained $	3.1	2.9	2.8
Employment	1.2*	1.8	2.0
Personal Income	3.5	4.1	4.3
Consumer Price Index	3.0*	3.5	2.5

Sources: * actual, Statistics Canada;
Nova Scotia Department of Finance Economic Forecast projections 2003 to 2004.

Forecast Date March 6, 2003

Priorities consistent from day one: health, education, the economy

On the spending side, Mr. Speaker, the province's priorities remain consistent with those we set on day one. The health of Nova Scotians. The education of our children. And the strength of our economy.

Our goal is healthier, more prosperous Nova Scotians, living in an increasingly self-reliant province.

Our spending decisions reflect those priorities and advance that goal.

Year over year, spending to support the health and health care of Nova Scotians will increase by $140 million. Our investment in the education and training of our children and young people has increased by $55 million.

Capital program: Investing in economic infrastructure

$106 million for new highways, bridges

In 2003–2004 the province will invest more than $106 million in new highway construction and bridge replacements, a $16-million year-over-year increase.

Investment is the appropriate word, Mr. Speaker. For a decade or more, the vital public works of this province were allowed to fall into disrepair. Roads, bridges, and ferries are essential elements of our economic infrastructure.

But whether it's to get goods to market or the children to the doctor, Nova Scotians need reliable roads. It's the province's responsibility to provide those roads. We are meeting that responsibility.

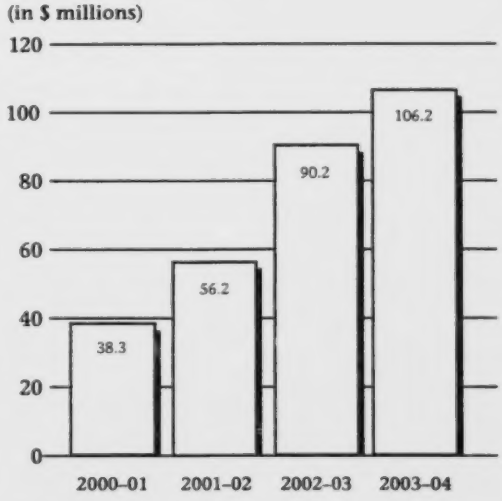
Four years ago when this government came to office we faced two, equally debilitating, deficits. The fiscal deficit was eliminated last year and remains at bay with this second successive balanced budget. I fear, Mr. Speaker, that it will take longer to eliminate the

infrastructure deficit—to put all the roads and schools in shape—but we're on the right track.

NSCC expansion $9 million this year; $123 million, seven years to complete

The Nova Scotia Community College is an increasingly important part of Nova Scotia's economic infrastructure. This year the province has committed $9 million to begin an ambitious program of facility improvements and new campus construction at various college sites across Nova Scotia. Next year, an additional $29 million is earmarked for college expansion, which will take seven years and cost $123 million to complete.

Capital Highway Spending* 2000–01 to 2003–04



*Highways include roads, paving, equipment, bridges, ferries and land.

Mr. Speaker, under this government opportunities have steadily increased for Nova Scotians to train for good jobs in industries where the jobs are plentiful. We added 800 seats to our community college system. With this expansion, those opportunities will increase for an additional 2,500 students. More young Nova Scotians, and some not so young, will be trained to take advantage of real prospects here at home.

After years of neglect, too many of our younger students, our children, still go off to schools that are inadequate or outdated. We have made great strides in just three years, but still have a way to go before parents in every community can rest assured that their children are in a quality facility.

Des dépenses en capital totalisant près de 62 millions seront dirigées vers la construction de nouvelles écoles. 18,5 millions de plus serviront à la rénovation des écoles existantes. Ceci représente huit nouvelles écoles et quarante-cinq projets de rénovations.

[Our 2003–2004 capital program includes almost $62 million for new public schools and another $18.5 million for school additions and alterations. That investment means eight new schools and 45 upgraded schools.]

$62 million for new schools; $18.5 million for school upgrades

Debt management

To the critics of government's capital borrowing program, I offer no apologies, but rather an invitation. Take a drive to visit some of Nova Scotia's older schools. When you come back, and while you're getting the shocks fixed on your car, tell me again why we shouldn't borrow money for better roads and schools.

Mr. Speaker, the government is providing the tools people need to make the most of their lives. We are doing that within the confines of the province's ability to pay. All capital purchases are amortized, in keeping with generally accepted accounting principles.

Debt to GDP ratio fell from 46 per cent to 42 per cent

Our surplus is applied to our debt. So too are the proceeds from the sale of Crown assets, like Sysco and Nova Scotia Resources Limited. Under this government, the province's ability to manage its debt has improved. The debt to GDP ratio has fallen from more than 46 per cent to less than 42 per cent. Under this government, foreign currency exposure has been reduced from more than 50 per cent to less than 20 per cent. We are no longer at the mercy of foreign bankers and international money traders.

That, Mr. Speaker, is debt management.

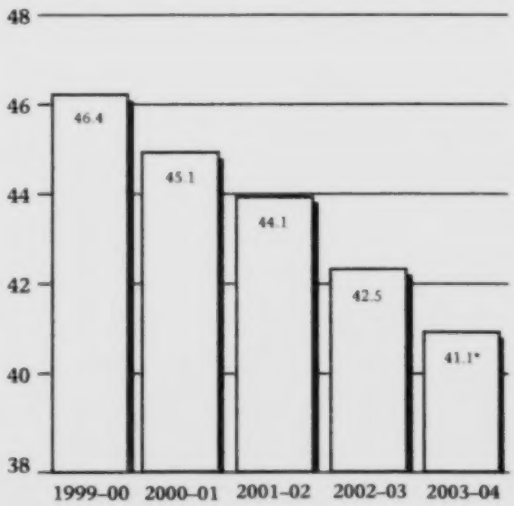
Yes, it could be, and it will become, more aggressive, as balanced budgets add up and our financial position gets stronger.

But under this government, debt payments will not come at the expense of Nova Scotians' safety on our highways nor at the expense of children who have every right to attend healthy schools.

Nor will those payments come at the expense of our ability to compete for jobs, investment, and home-grown talent. Debt payments won't come at the expense of our future.

Net Direct Debt to Gross Domestic Product Ratio 1999–00 to 2003–04

(per cent)



* estimate

Lower taxes: Keep the momentum going

Stronger fiscal position provides opportunity to lower taxes

If the first responsibility of government is to spend the taxpayers' money wisely, surely the second is to take no more than is necessary to meet the needs of the people.

The province's strengthening fiscal position provides an opportunity for government to lower taxes.

Mr. Speaker, lower taxes will enhance the competitive position of our province relative to other jurisdictions. Lower taxes will keep the momentum in our growing economy. Lower personal taxes will spur consumer spending, while lower business taxes will rev up the engine of economic growth.

Beginning this year and in each of the next three years, Nova Scotia will raise the annual business limit, under which the small business tax rate applies, by $25,000.

Small business tax relief will save businesses up to $2,750 this year

When fully implemented, this measure will save qualifying businesses up to $11,000 a year. In the first year, 2003, we will raise the income threshold from $200,000 to $225,000, saving qualifying businesses up to $2,750. By 2006, the threshold will be $300,000. These increases match those announced by the federal government earlier this year.

That measure alone means $1.5 million to small businesses this year, and it will total more than $11 million over the four years.

While lower taxes are an incentive to growth, new investment is the gas that fuels the economic engine. In order to enhance access to capital for Nova Scotian businesses, and to provide Nova Scotians with an ongoing outlet to invest in their own province, our Equity Tax Credit will be extended to December 31, 2006.

Equity Tax Credit enhanced and extended

The credit has been significantly enhanced to draw more capital. The investment limit will be increased to $50,000 from $30,000, and investment will continue to attract a 30 per cent non-refundable provincial tax credit. The program and its hybrid, the Community Economic Development Investment Fund (CEDIF), have, since 1994, helped more than 300 businesses get started, raising more than $54 million from 5,000 investors.

Mr. Speaker, lower taxes and tax credits for small business make good public policy. Lower taxes for individual taxpayers and their families is that and more. It is an expression of confidence in the future of our province.

Health care in Nova Scotia is dependable and accessible. Our investment in education is providing young Nova Scotians with the solid foundation they need for success. Our budget is balanced. The time for tax relief has arrived.

Personal income tax rates lowered by 10 per cent, January 1, 2004

Today, I am announcing a reduction in Nova Scotia personal income taxes. Effective January 1, 2004, tax rates for all provincial income tax payers will be lowered by approximately 10 per cent. The rate reduction will be greatest at the lower income levels. For example, a family of four earning $30,000 per year will see an 11.4 per cent tax savings. A family of four earning $70,000 will realize savings of 9.3 per cent.

Estimated Personal Income Tax Savings

	Current Taxes Paid	Taxes After Reduction	Savings
Single earner $20,000	$ 1,070	$ 964	$ 113
Family of four, one earner $40,000	$ 2,888	$ 2,612	$ 276
Family of four, one earner $60,000	$ 5,893	$ 5,342	$ 551

Overall annual income tax reduction $147 million

Overall, the reduction in provincial income tax rates will save Nova Scotian taxpayers $147 million—10 per cent of the province's income tax revenue—in the full 2004 tax year.

As a result of this tax reduction, Mr. Speaker, some 3,500 Nova Scotians at the low end of the income scale will no longer pay provincial income taxes at all.

Nova Scotia will have lowest income tax rates in Atlantic Canada

Nova Scotia will have a more competitive tax environment and the lowest statutory tax rates in Atlantic Canada. Across Canada, only three provinces will have a lower marginal rate for high-income earners, and only two provinces will have a lower marginal rate for low-income earners.

Nova Scotia Taxpayer Refund of $155 to all provincial income tax payers

In addition, Mr. Speaker, the province will provide a $155 Nova Scotia Taxpayer Refund to all Nova Scotians who pay provincial income taxes. The refund is based on an estimate of total tax relief that would have been provided through the tax system between July 1 and December 31.

This method of tax reduction will get tax relief into the hands of Nova Scotians as quickly as possible. As many as 438,000 Nova Scotians will receive this refund. It will put 68 million tax dollars directly back in the hands of Nova Scotians and into the Nova Scotian economy.

Mr. Speaker, every Nova Scotian taxpayer will benefit equally—with a one-time payment of $155—regardless of income or taxes paid. This is equitable tax relief.

Most taxpayers will receive the refund in June or early July of this year.

Tax relief expected to boost consumer spending

The Conference Board of Canada has already stated that tax relief in the second half of 2003 is expected to boost consumer spending. This method of tax relief—a direct refund to taxpayers—will amplify the impact.

Balanced budgets and lower taxes fulfil key commitments we made to Nova Scotians in 1999. We met those commitments, not out of stubbornness, nor even out of the pure motive of being true to our word. We met those commitments because they are right for Nova Scotia.

The economy is growing. Let's keep it growing. Our future, our children's future, is not assured by better health care. It is not assured by balanced budgets. Although both of those things make our future more secure.

Our future is only assured when Nova Scotia has an economy that offers opportunity to everyone. Lower taxes alone won't get us there. But they are part of the picture.

Investment and promotion

Lower taxes and investments in economic infrastructure are among the best ways government can support economic growth, but they are not the only ways.

This government has, from its first day in office, focused on easing the paper and regulatory burden imposed on our economy. Government's on-line business services have grown by leaps and bounds. Needlessly complicated licensing and application processes have been simplified.

$8 million committed to Nova Scotia First Fund to turn innovation into commercial success stories

And where we find innovation and creativity, our government will make direct investments. We are committing $8 million to the Nova Scotia First Fund, where experience shows every provincial dollar invested can be expected to lever another $10 in additional investment. The Nova Scotia First Fund and InNOVAcorp have been instrumental in turning innovative ideas and creative concepts into commercial success stories.

Monsieur le Président, l'an prochain, notre province sera l'hôte du Congrès mondial acadien. 2004 marque aussi le 400e anniversaire de l'arrivée des Français en Nouvelle-Écosse et l'établissement d'une première colonie en Amérique du Nord.

Des dizaines de milliers de visiteurs sont attendus durant le CMA pour célébrer ce moment historique. Plusieurs seront de descendance acadienne et arriveront de partout en Amérique du Nord et de l'Europe. Nous avons appuyé et nous continuons toujours d'appuyer ce grand événement. Cette année, nous avons affecté plus d'un million à la promotion, à l'organisation et aux opérations du CMA.

$1 million to support World Acadian Congress

[Mr. Speaker, next year, our province will host the World Acadian Congress. 2004 also marks the 400th anniversary of the arrival of the first European settlers in Nova Scotia, French settlers.

The congress will attract tens of thousands of visitors, many of Acadian descent and heritage, from all across North America and

Europe. The government will support this historic event in many ways. This budget dedicates more than $1 million to assist in its promotion, organization, and other features.]

We have allocated another $750,000 to a potentially far-reaching initiative, called Brand Nova Scotia. Due in part to the success of our tourism advertising efforts, Nova Scotia is viewed internationally as a largely rural, tranquil seaside community, with friendly folks and festivals galore. Nova Scotia is all that and more. The Brand Nova Scotia campaign will paint a more complete picture of Nova Scotia, as a centre of commerce, business, innovation, and academic excellence. A great place to work and live. There is a national and international business audience that needs to see that picture.

Brand Nova Scotia to paint a more complete picture of the province

Education for prosperity

Mr. Speaker, in today's knowledge-based global economy, prosperity follows education. To some extent this has always been true. For decades, reliable statistics have indicated that on average, income earned is directly proportional to education attained.

Higher education must remain accessible to all young Nova Scotians so inclined and so gifted. Career and skills training must be expanded to meet demand. And public school education, where the foundation is laid for a lifetime of citizenship and contribution, must be relevant and invigorating.

Nova Scotia's universities play a vital role in the life of the province. Not only do they educate the leaders of tomorrow, but they contribute a billion dollars a year to the economy of Nova Scotia, employ 17,000 people, and are responsible for more than 60 per cent of the research and development so essential to our economic future.

Universities contribute $1 billion a year to the Nova Scotia economy

We recently added $6 million to universities' funding, bringing their total grant to $207 million. This additional funding, paid in

2002–2003 will be part of the base in determining university funding levels in 2004–2005.

Government will increase investment in universities, students by $11 million

To provide debt relief to students who need it most, the province has committed $5.1 million. Some 9,500 Nova Scotians could see their student debt reduced as a result. The program is specifically designed for expansion in future years. All told, Mr. Speaker, this government will increase its investment in our universities and university students by more than $11 million.

Mr. Speaker, helping Nova Scotians get the right skills for jobs that are, or will be, available has become a significant effort of government. The expansion of the Nova Scotia Community College proves that.

$1.5 million invested in skills development

We are enhancing partnerships with business and industry to provide more Nova Scotians with opportunities to learn new skills and land better jobs. A total of $1.5 million in new investments have been earmarked for these skills development programs.

As well, opportunities will be expanded for apprenticeship training, delivered in a more timely manner. Fees for a range of apprenticeship training services have been increased, to provide $326,000 in additional funding to support this valuable program.

Public education investment increased by $43 million

Mr. Speaker, the province is increasing its investment in public education this year by $43 million. There is no more important investment Nova Scotians can make than in the future of their children.

Teachers will be able to spend more time with children in the early, most impressionable school years. Two-and-a-half million dollars will be allocated to reduce class sizes. As detailed in *Learning for Life*, the government's plan to help children succeed in school and reach their full potential, we will dedicate additional resources, including more resource teachers, to help children with special needs.

Enhanced testing and assessments and a renewed concentration on the essentials of learning—reading, writing, and mathematics—are added benefits of a growing investment in our classrooms.

Education resources are primarily for the benefit of the young. But, as a government we recognized early on that expanding learning opportunities for adults was important at a time when traditional jobs were disappearing, and more knowledge jobs were emerging.

We founded the Nova Scotia School for Adult Learning, and it was an immediate success. Some 4,000 Nova Scotians have benefitted from this program. This year we are investing an additional $700,000, bringing the total budget for adult learning to more than $5 million. This increased investment will open enrolment, and opportunities, to many more Nova Scotians.

Quality care and healthier Nova Scotians

Mr. Speaker, by their own account, no public service is of greater importance or concern to Nova Scotians than health care.

Health spending increased $140 million

This budget allocates an additional $140 million to health programs. The Department of Health's budget is now more than 2 billion, 111 million dollars.

The budget of the new Office of Health Promotion, just entering its first year of operation, is approaching $15 million.

The establishment of a ministry of health promotion is a significant event in the history of Nova Scotia. Like most, our health-care system has increasingly become an illness and injury treatment system. The creation of the ministry and office of health promotion changes that.

Since the government announced the Office of Health Promotion, critics have said, "Great idea, throw more money at it."

Well, Mr. Speaker, that's not how this government operates, and Nova Scotians are glad of it. We love good ideas, but we fund solid business plans that clearly demonstrate the benefits to the people of Nova Scotia.

$250,000 more for tobacco control

Health promotion includes all the resources of the former Sport and Recreation Commission and a transfer of resources, including $7.4 million, from the Department of Health. To that, government has added $600,000 to develop new or enhance existing programs. New investments of $250,000 will be used to increase our very significant commitment to tobacco control.

Mr. Speaker, the government recognizes and acknowledges both the great sacrifice and contribution that family caregivers make in our society. Tax relief does not ease the pain, but it should help ease the financial burden many Nova Scotians experience when they care for family members who are sick or injured. Effective this year, the tax relief available to caregivers has been increased 75 per cent, from $223 to $408.

Mr. Speaker, the government has embarked on a broad range of initiatives to ensure and improve Nova Scotians' access to care and to ensure the delivery of dependable, well-planned health services right across the province.

Access to physician services secured, enhanced by $29 million increase

Of the $44-million budget-to-budget increase in insured program services, $29 million will secure and enhance access to physician services. A $9.7-million increase in the Pharmacare budget will keep prescriptions affordable for seniors, by capping co-pay and holding premiums at last year's level.

Home care wait lists addressed by $5.3 million allocation

The home care and care coordination budget has increased $5.3 million, to $127 million. This increase will secure and extend home care services to more Nova Scotians, further reducing wait lists.

Summary of Health Care Spending Increases

(estimate to estimate)
(in $ millions)

District Health Authorities	$42.9
Medical Payments (physicians)	29.3
Long Term Care	18.1
Home Care Services	5.3
Pharmacare	9.7
EHS	8.7
Info Systems	7.2
Others (net)	11.1
Office of Health Promotion	8.0
Total Increased Health Spending	$140.3

$18 million added to long-term care; $8.5 million to reduce seniors' cost

Mr. Speaker, the government's commitment to improved long-term care, and to a better deal for seniors in care, is absolute.

An additional $18 million has been added, bringing the total long-term care expenditure to $222.5 million; $8.5 million of that increase will reduce the financial contribution private-pay residents of nursing homes make for their care.

Mr. Speaker, the jury is now in. District health authorities are a marked improvement over the unruly and unwieldy regional health boards of four years ago.

DHAs funding increased $43 million

Nova Scotians are telling us that the quality of care, the quality of service, and the quality of management in our hospitals are simply better than they were. And they will keep getting better.

Overall, funding to district health authorities will increase by $43 million this year, to more than $1 billion.

District health authorities, and the hospitals they operate, are now assured of annual funding increases of at least 7 per cent. In 2003–2004, that means $19.6 million.

Multi-year funding will help DHAs plan program and service improvements over a three-year horizon. The resulting efficiencies will be passed along in terms of better care for patients.

$5 million will improve access to cardiac care

Some $5 million in additional funding has been provided to DHAs for programs that will improve access and shorten wait lists at hospitals across Nova Scotia. An additional $5 million will improve access and shorten wait lists for cardiac care at the QEII, which serves patients from across the province.

The health department's budget—now more than 44 per cent of all program spending—also includes funding

- to establish standards in the treatment of mental health and improve mental health services for children ($4 million)
- to provide eight additional seats at Dalhousie Medical School ($451,000)
- to increase the number of nurse training seats at St. F.X. and UCCB ($1.4 million)
- to expand medical technology ($7.2 million)
- and to purchase much-needed medical equipment ($15 million).

Health capital investments include IWK, Yarmouth, Cobequid, Cape Breton

Capital investments will total $30 million and will include IWK renovations, phase II of the Yarmouth Regional Hospital, the Cobequid Multi-Service centre, and a facility to house a new MRI at the Cape Breton Health Complex.

Mr. Speaker, the health care Nova Scotians need and depend on is in better shape today than it has been for years. It is more dependable, more accessible, and more secure. As the government moves forward, based on the principles and plans highlighted in the document *Your Health Matters*, both our health-care system and the health of Nova Scotians will continue to improve.

Toward self-reliance

For too many years, provincial social assistance and municipal welfare were viewed solely as a way to support people who could not support themselves. And granted, for some in our society, that was and remains the case.

Income assistance payments declining; return-to-work initiatives strengthened

However, our government chose to also look at social assistance as a tool—to help people for a time and then, with other supports in place, allow them to move on. Since 1999, more than 9,000 Nova Scotians have benefitted from that opportunity. With ongoing support, like Pharmacare, child care, or income supplements, they moved beyond support, to greater self-reliance and the personal satisfaction that can bring.

Income assistance payments are actually declining, year over year, due to a reduction in the caseloads. Meanwhile, the government continues to strengthen return-to-work initiatives.

$3.7 million added to child-care, early learning initiatives

This year we will add $3.7 million to child-care and early learning initiatives. Some of this investment will be used to open child-care resource and referral centres and to introduce an early language and learning program in more communities.

Very soon, Mr. Speaker, the Wood Street Secure Care Facility in Truro will open for young clients who are experiencing severe difficulties, frequently as a result of neglect or abuse. Soon we will be able to give these young people the care they need and deserve, here at home, rather than send them out of province.

Mr. Speaker, there is no more fundamental tenet of a free society than equality before the law. To continue to ensure that Nova Scotians in need have access to legal counsel, the province has increased funding to legal aid services by $3 million.

Stronger, smarter, healthier, more prosperous

Mr. Speaker, today makes the fifth time in fewer than four years this House has afforded me the great privilege of presenting a budget. All indications are that this will be my last.

I hope my colleagues on both sides will permit me a brief personal digression. *Ce fut un honneur et un privilège pour moi de siéger à l'Assemblée législative de la Nouvelle-Écosse comme représentant d'Argyle et de la communauté acadienne.*

[It has been an honour to serve in this place, to serve Nova Scotians, and to serve with all members in this Legislature.]

I thank my caucus colleagues for their understanding and support. I thank my Cabinet colleagues for their guidance and solidarity. Together, I believe we have achieved many things.

Most of all, I want to thank my Premier and my leader, for the trust he has shown in me, and for his unwavering friendship.

I came to this place hoping to make a contribution to my province. Maybe to make a difference, a better future, for my own children and for the children of others.

I believe the course set by this government, the course followed in this budget, will do that.

Mr. Speaker, in the days ahead there will be much debate in this House, and elsewhere, on the path this budget takes. But let us be clear on our destination.

This budget is the product of a government that is confident about the future. That shares the vision of a growing number of Nova Scotians. This province can continue to grow—stronger, smarter, healthier, and more prosperous.

Financially, we are stronger—with successive balanced budgets.

We have, and will continue to focus our investment in education where it belongs, helping young Nova Scotians achieve and succeed.

More dollars have been directed to front-line health care, to nurses and doctors, and to providing stable, predictable funding to hospitals.

With a balanced budget and growing investments in health, education, and our economic infrastructure, it is time to lower taxes for Nova Scotians.

Every tax-paying Nova Scotian made a contribution to the financial recovery of this province, and every tax-paying Nova Scotian deserves to share in the rewards that come from that accomplishment.

But more than that. Our generation's greatest legacy to the next should be a province that holds all the promise, all the opportunity, that too many young Nova Scotians still look for somewhere down the road.

As I have said before, the future of this province rests in the hands and minds of working Nova Scotians. When those hands hold a few more dollars, our future is that much brighter.

Lower taxes, sound economic infrastructure, a growing investment in education, healthier Nova Scotians, confidence in our future. That is the direction of this government, and that is the direction of this budget.

Thank you.

Merci

Total Ordinary Revenues 2003–2004

Key Assumptions—March 6, 2003

NOVA SCOTIA
Auditor General

1888 Brunswick Street
Suite 302
Halifax, Nova Scotia
B3J 3J8

REPORT OF THE AUDITOR GENERAL TO THE HOUSE OF ASSEMBLY ON THE ESTIMATES OF REVENUE FOR THE FISCAL YEAR ENDING MARCH 31, 2004 USED IN THE PREPARATION OF THE APRIL 3, 2003 BUDGET ADDRESS

I am required by Section 9B of the Auditor General Act to provide an opinion on the reasonableness of the estimates of revenue used in the preparation of the annual budget address of the Minister of Finance to the House of Assembly.

The estimates of revenue for the fiscal year ending March 31, 2004 (the 2003-04 revenue estimates) are the responsibility of the Department of Finance and have been prepared by departmental management using assumptions with an effective date of March 6, 2003. I have examined the support provided by the department for the assumptions, and the preparation and presentation of the 2003-04 revenue estimates of $5,628,516,000 for total ordinary revenue. My opinion does not cover the budget address, the 2002-2003 forecast, the 2003-04 spending estimates, sinking fund earnings, nor the recoveries, user fees or other income netted for annual appropriation purposes. My examination was made in accordance with the applicable Auditing Guideline issued by the Canadian Institute of Chartered Accountants. I have no responsibility to update this report for events and circumstances occurring after the date of my report.

Commencing with the fiscal year ending March 31, 1999, the Government implemented consolidated financial statement reporting in accordance with Canadian generally accepted accounting principles for the public sector. Consistent with prior years, the 2003-04 revenue estimates have been presented including the total ordinary revenue of the Consolidated Fund established under the provisions of the Provincial Finance Act. As a result, sinking fund earnings and revenue of certain government organizations reported as revenue in the Province's consolidated financial statements are excluded from the 2003-04 revenue estimate for total ordinary revenue, but included elsewhere in the 2003-04 estimates, and have not been included in my examination.

The personal income taxes (PIT) revenue for 2003-04 was estimated based on national level taxable income and provincial share information determined by the federal government. The extent to which the economic and other assumptions used by the federal government to determine this information agrees to or differs from the Nova Scotia government's assumptions for 2003-04 has not been determined. As a result, the impact of any differences on the PIT estimate can not be adequately assessed. Except for the effect of adjustments, if any, which might have been necessary as a result of the matters discussed in the preceding paragraphs, in my opinion,

- as at the date of this report, the assumptions used by the Department are suitably supported and consistent with the plans of the Government, as described to us by departmental management, and provide a reasonable basis for the 2003-04 revenue estimates; and
- the 2003-04 revenue estimates as presented reflect fairly such assumptions.

Since the 2003-04 revenue estimates are based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, although I consider, except for the matters discussed above, the 2003-04 revenue estimates to be reasonable, I express no opinion as to whether they will be achieved.

E. R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
April 2, 2003

Key Assumptions—March 6, 2003

Economic Performance and Outlook

National Economic Assumptions

Canada achieved a real GDP growth rate of 3.4 per cent in 2002 compared to 1.5 per cent in 2001.

The driving force behind Canada's 2002 economic performance was the strength in the domestic sector of the economy, mainly due to consumer spending. Consumer strength was evident in personal expenditures on goods and services, which increased 4.9 per cent in 2002, and in retail sales, up 6.0 per cent. Driven by low interest rates, residential capital investment and housing starts were up 21.0 per cent and 26.0 per cent, respectively. Also adding to growth in 2002 were government spending on goods and services, which increased 4.7 per cent, and government fixed capital formation, up 10.1 per cent.

The resilience and strength of the Canadian economy was a major factor in a strong labour market in 2002, producing 335,000 jobs. The unemployment rate climbed to 7.7 per cent in 2002 as the labour force grew at a faster pace than labour demand (job creation). Employment growth is reflected in the 4.6 per cent increase in labour income. Personal income growth, however, dropped to a less-robust growth rate of 3.2 per cent in 2002, due mostly to less investment income.

Corporation profits before taxes rebounded from a weak 2001, posting an increase of 6.2 per cent in 2002. Business investment, however, remained weak with expenditures for non-residential structures falling by 4.3 per cent and expenditures on machinery and equipment falling by 1.3 per cent.

The global economy was weak in 2002, led by Canada's main trading partner, the United States, which has yet to experience strong growth from the recession that began in early 2001. Canada's exports of goods and services were down 0.6 per cent.

Canadian real GDP growth is expected to slow to 2.6 per cent in 2003 and pick up to 3.2 per cent in 2004. There are several key factors behind Canada's economic performance in 2003 and 2004.

The slower pace of the United States economy carries over into 2003. United States GDP increased at an annual rate of 1.4 per cent in the fourth quarter of 2002, after an increase of 4.0 per cent during the third quarter. The Canadian economy also ended 2002 on a weak note with real GDP growth for the fourth quarter well below the rate exhibited in the third quarter. Slowing economic momentum at the beginning of 2003 is expected to result in slow growth until the US economy picks up strength. This outlook pushes economic growth for Canada into the last half of the year and into 2004, when US growth improves, pulling Canada along with it.

Export performance will strengthen on an improvement in US economic conditions in the latter months of 2003, lifting the external demand sector of the Canadian economy. Rising interest rates in Canada will, however, cool down consumer spending growth from 2002 levels. Government spending on goods and services and capital investment will help sustain growth. Business investment slows against the backdrop of further weakening in non-residential construction, which declines 3.1 per cent in 2003; machinery and equipment investment increases by only 0.2 per cent.

In this environment, job creation will slow after robust gains in 2002. The forecast calls for employment growth of 1.9 per cent in 2003 and 2.0 per cent in 2004. The unemployment rate falls to 7.5 per cent in 2003 and declines further to 7.1 per cent in 2004. The

Consumer Price Index is expected to grow at an annual rate of 3.0 per cent in 2003, before falling back to 2.5 per cent in 2004.

There are several risks to the forecast. The key risk for economic growth in Canada is the performance of the US economy. Economic recovery in the United States is anticipated to pick up in the latter months of 2003, proceeding at a gradual pace until then. If adverse geopolitical conditions persist for an extended period of time, this could constrain consumer spending and business investment decisions: there is perceived risk that renewed economic weakness could set in through the latter part of the year before a sustained recovery takes hold. This would push growth into 2004 for Canada.

The forecast assumes that interest rates will continue to rise in Canada ahead of the United States, where the Federal Reserve will start to raise interest rates around the third quarter of 2003 as economic recovery takes root. Earlier timing and sharper increases in interest rates would, however, put interest-sensitive spending at risk in 2003, and particularly in 2004.

Another risk factor to the forecast is the Canadian dollar. It is experiencing a strengthening against its US counterpart and is assumed to appreciate gradually over the short term. A stronger Canadian dollar would weaken net exports.

The key national economic assumptions incorporated into the budget are displayed in the schedule below. The assumptions are based on data and information available as of March 3, 2003.

National Economic Assumptions

	2002	2003	2004
Real Gross Domestic Product, 1997$ (% change)	3.4	2.6	3.2
Employment (% change)	2.2	1.9	2.0
Unemployment Rate (%)	7.7	7.5	7.1
Personal Income (% change)	3.2	4.5	4.9
Consumer Price Index (% change)	2.2	3.0	2.5
Retail Sales (% change)	6.0	4.3	4.7
Corporation Profits before Taxes (% change)	6.2	7.0	8.0
Exports of Goods and Services (% change)	–0.6	4.1	6.5

Sources: Statistics Canada for 2002; Nova Scotia Department of Finance projections for 2003 and 2004.

Provincial Economic Assumptions

The Nova Scotia economy was resilient in 2002, achieving an estimated 3.1 per cent growth rate in real GDP in 2002, after a 2.5 per cent growth rate in 2001. The consumer (household) sector and capital investment provided the main sources of GDP and employment growth in the province.

Personal expenditures on goods and services increased an estimated 5.6 per cent, with retail sales increasing 5.4 per cent. Spending on housing construction was also higher, as housing-unit starts increased by 21.5 per cent, the largest gain in over a decade. The tempo of consumer spending was sustained by growth in personal income of 3.5 per cent, as labour income, the largest component of personal income, increased 5.4 per cent.

Investment by business in fixed assets increased substantially in 2002. Capital spending on non-residential structures and on

machinery and equipment increased 12.8 per cent, following a 7.6 per cent increase in 2001. This trend in business fixed investment in 2002 mainly reflects activity in offshore energy exploration and development. Offshore energy development, production, and exploration continued to be key drivers behind Nova Scotia's plus-three per cent average annual GDP growth over the last five years. Public-sector investment activity was also strong in 2002, with a 39.0 per cent gain.

These sources of economic strength more than compensated for the weakness in Nova Scotia's exports, which dropped as a result of slack in the economy of the United States, Nova Scotia's main export market. Natural gas and seafood products continued to be the province's largest valued export products. For 2002, commercial production of natural gas was up 1.6 per cent over 2001. However, gas prices were weak in the first part of the year, resulting in an overall decline in the value of gas exports. The total value of exports of goods and services was down 2.3 per cent in 2002. The value of Nova Scotia's merchandise exports to international markets decreased by 7.1 per cent, with decreases in natural gas, pulp and paper, gypsum, and refined petroleum product exports. Export sales growth was realized in fish, tires, lumber, and iron and steel structures.

Corporation profits before taxes were up slightly by 0.8 per cent in 2002, in conjunction with increased GDP growth in the province. In the economic forecast, corporation profits before taxes relate to economic activity in the provincial economy and are not uniquely linked to the Corporate Income Tax (CIT) estimates and forecast. CIT is based primarily on federally forecasted corporate taxable income and is affected by other variables, such as business take-up of provincial tax credit programs.

The overall strong relative performance of Nova Scotia's economy provided a solid background for labour market conditions in 2002.

Employment increased 1.2 per cent, and the unemployment rate held steady at 9.7 per cent. Nova Scotia posted a 5,100 net gain in jobs for the year. Employment growth was mostly concentrated in the business service sector, especially for management services (which includes call centres). Offshore development and exploration supported more jobs for the professional, scientific, and technical services sector. The goods-producing sector also had job growth, with manufacturing posting job gains, in large part due to offshore-related fabrication work. A favourable tourism year produced more jobs in the accommodation and food services sector. Strong sales in the real estate markets, plus the construction of more new houses, increased employment in the finance, insurance, real estate, and leasing sector. There were also more jobs in the health services sector. In geographical terms, the Annapolis Valley and South Shore reported healthy employment growth rates in 2002. The North Shore area had slight gains, while Cape Breton Island and Halifax Regional Municipality had no changes in their employment levels for 2002.

Factors affecting Nova Scotia's economic outlook in 2003 and 2004 relate primarily to the performance of the US and Canadian economies and to conditions prevailing in offshore development and exploration. The outlook for 2003 and 2004 is for 2.9 per cent and 2.8 per cent growth in real GDP and for employment to increase by 1.8 per cent and 2.0 per cent in 2003 and 2004, respectively.

Close to 50 per cent of Nova Scotia's GDP is directly attributed to the export of goods and services. To a large degree, the economic outlook for Nova Scotia depends on conditions prevailing in the economies of its principal trading partners, the United States and other Canadian provinces. In the economic outlook for the province in 2003, the slower pace of economic expansion in the last quarter of 2002 for both the Canadian and US economies carries forward into the first half of 2003. Accelerated economic growth for the US is not anticipated to occur until the latter

months of 2003, with Canada following suit. Consequently, economic performance in the United States and Canada in 2003 moderates Nova Scotia's GDP growth over the short term, coupled with continued growth in offshore energy activities.

Total exports of goods and services are expected to increase 5.5 per cent in 2003, mainly as a result of much higher natural gas prices and nominal US GDP growth. Nova Scotia's international goods and services exports are expected to grow 6.1 per cent in 2003. Corporation profits will also rebound in 2003, as recovery in natural gas prices and exports helps lift profits.

The consumer is expected to continue to support economic growth in 2003, although at a less robust pace than in 2002. Personal expenditures on consumer goods and services drop to a lower growth rate of 4.2 per cent in 2003. Consumer spending rebounds in 2004, supported by more jobs, personal income growth, and the provincial personal income tax reduction. Retail sales follow the same trend with growth in retail sales pulling back to 4.1 per cent in 2003, before gaining renewed strength in 2004. Consumer price increases accelerate in 2003 before the Bank of Canada's monetary policy tightening reduces consumer price increases toward the bank's target of 2 per cent.

Offshore energy exploration and development investment spending continues to add to GDP and employment growth in the economy. In addition, capital investment over the next few years reflects other major projects, including the Halifax Harbour clean-up, modernization of Stora Enso's newsprint operations, and a new science hall at St. Francis Xavier University. The construction phase for Deep Panuke has been put on hold, but timing and expenditures flow more rapidly for Sable Offshore Energy Project (SOEP) Tier II development.

Offshore energy development and production affects the Nova Scotia economy in different ways. The impact of SOEP production

on GDP growth occurs primarily through exports and corporation profits before taxes. However, natural gas and natural gas liquids production is near planned capacity and will not provide significant additional export-growth impetus over the short term. Natural gas output is forecast to increase 1.6 per cent, and natural gas liquids 14.7 per cent, in 2003. With, the price of natural gas sharply higher in 2003, the value of exports and corporation profits before tax increases.

In total, business capital investment in Nova Scotia is expected to decline 8.3 per cent in 2003 and to increase slightly in 2004. The drop in 2003 is mainly attributable to a large decrease in machinery and equipment expenditures reflecting the completion of the drilling rig *Eirik Raude*, along with less investment in the manufacturing sector. Investment intentions data also indicate that public-sector capital spending, overall, will drop in 2003.

Employment growth is forecast to increase 1.8 per cent and 2.0 per cent in 2003 and 2004, respectively, supported by export and non-residential construction activities. With the labour force anticipated to grow at a slower pace than employment growth, the unemployment rate decreases to 9.4 per cent in 2003 and 9.2 per cent in 2004. Higher employment growth leads to higher personal income growth rates of 4.1 per cent and 4.3 per cent.

Nova Scotia's real GDP is forecast to grow 2.9 per cent in 2003, followed by 2.8 per cent in 2004. This forecast is toward the low end of the range of private-sector forecasts, as indicated in the table below.

Private-Sector Forecasts for Nova Scotia Real GDP Growth

	2003	2004
High (% increase)	3.9	3.7
Average (% increase)	3.2	3.1
Low (% increase)	2.7	2.6

The private-sector forecasters surveyed and updated as of March 3, 2003 are Bank of Montreal, Bank of Nova Scotia, CIBC World Markets, Royal Bank of Canada, Toronto-Dominion Bank, Atlantic Provinces Economic Council, and Conference Board of Canada.

Risks to the outlook identified with respect to the Canadian economy also apply to Nova Scotia, especially related to the economic performance of the US economy. A slower pace than expected would further dampen economic growth for Nova Scotia. Similarly, any perceived risks attached to household spending in Canada will also apply in Nova Scotia. For instance, housing starts could come off further from high levels if interest rates trend higher and more rapidly than assumed in the forecast. Higher-than-anticipated interest rates will also dampen consumer spending, especially on big-ticket items.

The assumptions concerning the pace of offshore energy exploration in the short term could be tempered by the reassessment of drilling programs from recent exploration results, which will reduce capital investment and lower economic growth. Also, should energy prices move lower than assumed, SOEP production revenues would drop in step. This would have a negative effect on corporation profits and the value of exports.

The key provincial economic assumptions incorporated into the budget are displayed in the schedule below. The assumptions are based on data and information available as of March 3, 2003.

Provincial Economic Assumptions

	2002	2003	2004
Real Gross Domestic Product (billion 1997$)	23.9	24.6	25.3
Real Gross Domestic Product, 1997$ (% change)	3.1	2.9	2.8
Employment (% change)	1.2*	1.8	2.0
Unemployment Rate (%)	9.7*	9.4	9.2
Personal Income (% change)	3.5	4.1	4.3
Consumer Price Index (% change)	3.0*	3.5	2.5
Retail Sales (% change)	5.4*	4.1	4.7
Corporation Profits before Taxes (% change)	0.8	6.6	5.1
Exports of Goods and Services (% change)	-2.3	5.5	3.7

Sources: Statistics Canada, actual (*); Nova Scotia Department of Finance, projections

These assumptions are based on information as of March 3, 2003 and approved by Cabinet on March 6, 2003.

Revenue Outlook

In 2003–2004, total ordinary revenues are estimated to be $5,628.5 million, an increase of 3.8 per cent over the 2002–2003 forecast. Own-source revenues are expected to increase by $106.1 million over the 2002–2003 forecast to $3,652.2 million in 2003–2004. Federal transfers will increase by $136.3 million from 2002–2003 forecast levels.

Revenue Sources

($ Thousands)	Actual 2001–2002	Forecast 2002–2003	Estimate 2003–2004	Change For. to Est.
Provincial Sources				
Personal Income Taxes	1,274,481	1,357,321	1,317,200	(40,121)
Corporate Income Taxes	194,439	204,950	270,385	65,435
Sales Tax (HST)	852,797	905,120	942,150	37,030
Tobacco Tax	105,751	145,420	166,720	21,300
Gasoline and Diesel Tax	207,951	245,607	254,197	8,590
Liquor Corporation Profits	143,859	160,208	166,800	6,592
Gaming Corporation Profits	174,716	185,000	177,500	(7,500)
Interest Revenues	31,379	36,787	37,887	1,100
Registry of Motor Vehicles	65,051	72,568	73,704	1,136
Other Provincial Sources	217,723	233,115	245,622	12,507
Total Provincial	**3,268,147**	**3,546,096**	**3,652,165**	**106,069**
Federal Sources				
Equalization	1,321,100	1,192,860	1,242,870	50,010
CHST	553,375	609,823	626,151	16,328
CHST Supplement			75,000	75,000
Other Federal Sources	2,306	2,330	32,330	30,000
Federal tax collection agreement error	(35,000)	35,000		(35,000)
Total Federal Sources	**1,841,781**	**1,840,013**	**1,976,351**	**136,338**
Prior Years' Adjustments				
Provincial Sources	83,281	30,014		(30,014)
Federal Sources	46,893	7,236		(7,236)
Total Ordinary Revenue	**5,240,102**	**5,423,359**	**5,628,516**	**205,157**

Provincial Own-Source Revenue

INCOME TAXES

Personal Income Tax (PIT)

While national levels of taxable income, upon which Nova Scotia's share is based, are forecasted to grow 4.4 per cent, the 2003–2004 estimate for personal income tax on a fiscal year decreases 3.0 per cent over the 2002–2003 fiscal year forecast due to the personal income tax cut. The estimate is based on national level taxable income supplied by the federal government as of January 28, 2003.

In the 2000 tax year, Nova Scotia moved to a tax-on-income system of assessing personal income tax. This system shifted the tax calculation from a percentage of federal tax (tax-on-tax) to a percentage of taxable income (tax-on-income). The brackets are equivalent to the tax-on-tax federal brackets in effect for the 1999 tax year. Nova Scotia uses federally determined taxable income as its base and has maintained the non-refundable tax credits in effect for the 2000 tax year.

Corporate Income Tax (CIT)

Corporate income tax, on a fiscal year basis, is expected to rise significantly by 31.9 per cent, or $65.4 million, over 2002–2003. As mentioned in the economic section of this document, corporate profits before tax relate to economic activity in the provincial economy and are not uniquely linked to the CIT estimates and forecast. CIT is based primarily on federally forecasted corporate taxable income, as of January 28, 2003, and is affected by other variables, such as business take-up of provincial tax credit programs. While provincial-level corporate profits are expected to rise by 6.6 per cent, estimated provincial corporate taxable income

is expected to increase by 8.1 per cent. Expected credit take-up in 2003 is significantly lower than in 2002, with credits falling to $40.8 million from $89.5 million, primarily due to the sunset of the manufacturing investment tax credit.

CONSUMPTION TAXES

Harmonized Sales Tax (HST)

Gross HST is estimated to total $1,019.9 million in 2003–2004, a 4.1 per cent increase over 2002–2003. Sales tax rebates for public-sector bodies, new housing, printed books, volunteer fire departments, persons with disabilities, and segregated funds are projected to total $77.7 million, resulting in net HST of $942.2 million in 2003–2004, a 4.1 per cent increase over the previous fiscal year. The growth in gross HST revenues between 2002–2003 and 2003–2004 is due to continued growth in personal consumer expenditures on goods and services.

Tobacco Tax

Revenues from this source are estimated to total $166.7 million in 2003–2004, a 14.6 per cent increase over the forecast for 2002–2003. The increase is primarily due to the tobacco tax increase of $5 per carton on January 9, 2003. It is anticipated that federal and provincial governments will continue to undertake efforts to discourage smoking, especially amongst youth. The Government of Nova Scotia, in conjunction with the federal and other provincial governments, will continue to explore initiatives such as improved compliance to ensure the integrity of this revenue source.

Motive Fuel Taxes

Motive fuel tax revenues are projected to total $254.2 million in 2003–2004, a 3.5 per cent increase over the forecast for 2002–2003. This is primarily due to continued increases in fuel consumption as a result of increasing labour income, which is partially offset by increased fuel prices. The Province of Nova Scotia has committed itself to increasing the allocation of motive fuel tax revenues towards highway and bridge construction and maintenance in an effort to improve public safety and transportation.

PROFITS OF CROWN CORPORATIONS

Nova Scotia Liquor Corporation Profits

Beverage alcohol revenues are estimated to be $166.8 million in 2003–2004, a 4.1 per cent increase over the 2002–2003 forecast. This increase is a result of operating efficiencies and a slight volume growth due to marketing and merchandising efforts and improved economic conditions. Merchandising programs continue to generate positive sales activity. Shifts in product mix will also affect revenues/gross profit. Seasonality does play a major role in volumes and revenues, as it is difficult to predict with any degree of certainty. Alternative retailing, such as Agency Stores and the newly created Private Wine and Specialty Shops, will produce incremental revenue for the NSLC.

Nova Scotia Gaming Corporation

The Nova Scotia Gaming Corporation's (NSGC) payments to the Province of Nova Scotia are budgeted to be $178.7 million in 2003–2004. However, the Department of Finance records $177.5 million as NSGC's profits, which is net of 50 per cent of Sydney casino cash available for distribution of $2.4 million. The 2003–2004 payment to the province is less than the 2002–2003

forecast, as a result of the following: the gaming industry is experiencing a downward revenue trend, and the marginal revenue growth for 2003–2004 is not sufficient to offset the costs associated with investments in capital assets. In addition, the corporation is increasing its investment and commitment in responsible gaming.

Federal Transfers

EQUALIZATION

Equalization revenues are estimated to increase by $50.0 million over the forecast for 2002–2003 to $1.24 billion. Equalization reflects revised tax base and revenue information as of March 6, 2003. The estimate uses Nova Scotia's economic assumptions as well as other national economic indicators.

Nova Scotia's equalization estimate is different than the federal estimate for 2003–2004. The federal government must rely on historical data supplied from Statistics Canada and the provinces; as such, it is not a forward-looking estimate. Nova Scotia forecasts forward, using the most current economic and tax information available at the time of budget, as the province is attempting to forecast the final entitlements Nova Scotia will receive.

For 2001–2002 and subsequent years, the province has elected to have offshore revenues included in the equalization formula rather than the Offshore Accord Offset mechanism.

The Canada Health and Social Transfer (CHST)

In 2003–2004, the CHST cash entitlement for Nova Scotia is estimated to be $626.2 million, $16.3 million higher than the 2002–2003 forecast. The total provincial entitlement comprises the provincial allocation of a fixed national entitlement. The 2003–2004 national CHST amount that is available in cash and tax points is forecast to be $36.2 billion. The cash estimate reflects internal assumptions on the levels of personal and corporate

income tax. Starting in 2001–2002, the cash portion of the CHST is based totally on an equal per capita formula.

In February 2003, the first ministers agreed to increased funding to support the health-care sector. Part of this funding included a one-time cash supplement of $2.5 billion nationally, which provides Nova Scotia with $75 million in 2003–2004.

OTHER FEDERAL SOURCES

In addition to CHST and the supplement, funding has also been provided to facilitate change within the health-care sector. The first of these Health Reform Funds provides Nova Scotia with an additional $30 million in 2003–2004.

OTHER REVENUE ADJUSTMENT

Nova Scotia will record a positive prior years' adjustment (PYA) in 2002–2003 of $35 million to reverse a contingency set in place for 2001–2002 for the Canada Customs and Revenue Agency (CCRA) error, which affected the equalization formula. The error has been minimized with regards to its impact on equalization, due to a federal decision to reduce prior years' information from fully affecting the equalization formula.

Sensitivity

Revenue estimates are based on a number of economic, financial, tax assessment and statistical values and assumptions. As these variables change throughout the year and as more information becomes available, they may have an impact, either negatively or positively, on the revenue forecasts. It is important to note that these variables can move quite independently from each other and may have offsetting effects. The following table lists the major revenue sources of the Province and indicates some of the key variables that affect the forecasts of those sources throughout the year.

Revenue Source	Key Variables
Personal Income Taxes	– national level of taxable income – Nova Scotia share of national levels of taxable income – provincial taxable income yield
Corporate Income Taxes	– corporate taxable income level (national) – Nova Scotia share of national taxable income – tax credit uptake – national and provincial corporate profit levels
HST	– personal consumer expenditure levels – spending by exempt industries – rebate levels – housing investment
Tobacco, Gasoline and Diesel Taxes	– personal consumer expenditure levels – tobacco and fuel consumption patterns – tobacco and fuel prices
Liquor Commission Profits	– personal consumer expenditure levels – consumption patterns
Gaming Corporation Profits	– personal consumer expenditure levels – gaming patterns

Equalization	– changes in data as it relates to 33 different tax bases – changes in population – economic activity in Nova Scotia versus the standard provinces
CHST	– changes in personal and corporate income taxes – changes in population – changes in tax point values

Additional Information

In addition to the key economic and fiscal assumptions contained in the 2003–2004 revenue estimates, the following information should also be taken into account when interpreting the revenue estimates.

The revenue estimates for 2003–2004 are considered to have been prepared on a basis consistent with accounting policies currently used by the province to record and/or recognize revenue for purposes of its Consolidated Fund. As a result, revenue for certain government service organizations that are consolidated for financial statement purposes are not included in the province's revenue estimates.

The Department of Finance and other departments or agencies of the province have prepared their specific revenue estimates for 2003–2004 using a combination of current internal and external models and other information available. Every effort has been taken to ensure the integrity of the results of the models and other information. As actual or more-current information becomes available, adjustments to the projection of revenues may be necessary.

The revenue forecast to be received through federal transfer payment programs pursuant to the Federal-Provincial Fiscal Arrangements Act incorporates official information released by the federal government as of March 6, 2002. Prior years' adjustments (PYAs) are normally made to federal transfers and to income tax revenues. All PYAs known to date have been included in the forecast for 2002–2003.

Recoveries of expenditures under various federal-provincial agreements or from other departments or entities, user fees, and income on sinking fund investments have been estimated and are netted against departmental expenditures for purposes of approval of appropriations for 2003–2004.

Any and all impacts or implications of the government's actions or plans to reduce or further control public-sector expenditures have been fully considered and appropriately reflected in the specific economic and revenue estimates.

Financial and Supplementary Information

To the Budget Address 2003–2004

BUDGETARY SUMMARY

($ thousands)

Schedule 1

ESTIMATE 2001-2002 (as restated)	ACTUAL 2001-2002	ESTIMATE 2002-2003 (as restated)	FORECAST 2002-2003 (as restated)		ESTIMATE 2003-2004
				Consolidated Fund	
5,156,991	**5,240,102**	**5,331,837**	**5,423,359**	**Ordinary Revenue**	**5,628,516**
				Net Expenses	
4,373,369	4,472,149	4,512,724	4,570,054	Net Program Expenses	4,756,480
(48,750)	(66,773)	(50,000)	(23,000)	Pension Valuation Adjustment	(13,600)
931,077	949,179	890,313	883,126	Net Debt Servicing Costs	892,793
5,255,696	**5,354,555**	**5,353,037**	**5,430,180**		**5,635,673**
(98,705)	**(114,453)**	**(21,200)**	**(6,821)**		**(7,157)**
				Consolidation and Accounting Adjustments for Government Service Organizations	
---	1,639,835	---	---	Consolidated Fund Consolidation Adjustments	---
---	(1,142,026)	---	---	Health Authorities Operations	---
---	(708,406)	---	---	School Boards Operations	---
---	(69,068)	---	(1,200)	Other Organizations	---
—	**(279,665)**	**—**	**(1,200)**		**—**
				Net Income (Losses) for Government Business Enterprises	
8,000	308,898	22,500	22,500	Other Enterprises	10,000
8,000	**308,898**	**22,500**	**22,500**		**10,000**
(90,705)	**(85,220)**	**1,300**	**14,479**	**Provincial Surplus (Deficit) before Unusual Items**	**2,843**
				Unusual Items	
---	176	---	---	Nova Scotia Innovation Corporation	---
---	30,816	---	---	Nova Scotia Resources Limited	---
—	**30,992**	**—**	**—**		**—**
(90,705)	**(54,228)**	**1,300**	**14,479**	**Provincial Surplus (Deficit)**	**2,843**

ORDINARY REVENUE - SUMMARY

By Revenue Source

($ thousands)

Schedule 2

ESTIMATE 2001-2002 (as restated)	ACTUAL 2001-2002	ESTIMATE 2002-2003 (as restated)	FORECAST 2002-2003 (as restated)		ESTIMATE 2003-2004
				Provincial Sources	
1,250,795	1,274,481	1,315,144	1,357,321	Personal Income Tax	1,317,200
200,864	194,439	183,632	204,950	Corporate Income Tax	270,385
845,724	852,797	888,917	905,120	Harmonized Sales Tax	942,150
83,200	105,751	138,508	145,420	Tobacco Tax	166,720
215,500	207,951	239,350	245,607	Motive Fuel Taxes	254,197
170,800	174,716	186,000	185,000	Gaming Corporation Profits	177,500
139,800	143,859	160,208	160,208	Liquor Commission Profits	166,800
56,807	66,724	60,216	71,169	Interest Revenues	69,390
62,749	65,051	75,162	72,569	Registry of Motor Vehicles	73,704
14,000	17,329	10,000	14,000	Royalties - Petroleum	27,000
160,181	165,048	160,834	184,732	Other Provincial Sources	187,119
---	83,282	---	30,014	Prior Years' Adjustments - Provincial Sources	---
3,200,420	**3,351,428**	**3,417,971**	**3,576,110**		**3,652,165**
				Federal Sources	
1,394,000	1,321,100	1,320,177	1,192,860	Equalization	1,242,870
560,241	553,375	591,359	609,823	Canada Health and Social Transfer	701,151
---	---	---	---	Health Reform Fund	30,000
2,330	2,306	2,330	2,330	Other Federal Sources	2,330
---	46,893	---	7,236	Prior Years' Adjustments - Federal Sources	---
---	(35,000)	---	35,000	Federal Tax Collection Agreement Error	---
1,956,571	**1,888,674**	**1,913,866**	**1,847,249**		**1,976,351**
5,156,991	**5,240,102**	**5,331,837**	**5,423,359**		**5,628,516**

Note: Interest Revenues have been restated in the 2001-2002 Estimate and the 2002-2003 Estimate and Forecast to include Short-Term Interest revenue, which was formerly netted against General Interest expenses in the Debt Servicing Costs appropriation. The amount of Short-Term Interest revenue is $22.220 million and $35.346 million in the 2001-2002 Estimate and Actual respectively. In the 2002-2003 Estimate and Forecast, the amount of Short-Term Interest revenue is $25.179 million and $34.382 million respectively.

NET PROGRAM EXPENSES - SUMMARY

Schedule 3

($ thousands)

ESTIMATE 2001-2002	ACTUAL 2001-2002	ESTIMATE 2002-2003	FORECAST 2002-2003		ESTIMATE 2003-2004
40,885	43,955	39,273	40,564	Agriculture and Fisheries	40,118
626,508	638,328	648,995	660,208	Community Services	666,414
34,708	49,300	30,785	27,485	Economic Development	---
888,437	904,376	928,733	930,157	Education	980,241
201,232	201,732	201,732	206,762	Assistance to Universities	205,805
---	---	---	---	Energy	7,614
27,072	24,141	26,743	25,981	Environment and Labour	27,558
12,867	11,704	13,329	13,196	Finance	13,235
1,819,031	1,837,746	1,980,235	1,997,432	Health	2,111,454
88,883	88,404	91,753	91,753	Justice	99,417
53,945	53,911	57,028	56,366	Natural Resources	59,160
104,236	100,373	107,448	105,887	Public Service	143,220
100,237	98,475	92,298	94,687	Service Nova Scotia and Municipal Relations	93,161
39,457	40,945	38,847	39,897	Tourism and Culture	40,805
233,469	233,455	239,411	251,227	Transportation and Public Works	246,654
102,402	140,366	16,114	27,652	Restructuring Costs	21,624
---	4,938	---	800	Loss on the Sale of Crown Assets	---
4,373,369	**4,472,149**	**4,512,724**	**4,570,054**		**4,756,480**

NET DEBT SERVICING COSTS - SUMMARY

Schedule 4

($ thousands)

ESTIMATE 2001-2002 (as restated)	ACTUAL 2001-2002	ESTIMATE 2002-2003 (as restated)	FORECAST 2002-2003 (as restated)		ESTIMATE 2003-2004
				Debt Servicing Costs	
1,037,376	1,042,547	1,002,184	997,903	Interest on Long-Term Debt	947,678
39,784	39,849	38,146	30,839	General Interest	30,038
42,217	59,076	40,335	47,000	Interest on Pensions and Other Obligations	84,600
1,119,377	**1,141,472**	**1,080,665**	**1,075,742**	**Gross Debt Servicing Costs**	**1,062,316**
(188,300)	(192,293)	(190,352)	(192,616)	Less: Sinking Fund Earnings	(169,523)
931,077	**949,179**	**890,313**	**883,126**	**Net Debt Servicing Costs**	**892,793**

Notes:

1) Short-Term Interest revenue, which was formerly netted against General Interest expenses in Gross Debt Servicing Costs, is now included in Interest Revenues in Ordinary Revenue. Also, Debt Retirement Fund Earnings, which were formerly included in Gross Debt Servicing Costs, are now included in Sinking Fund Earnings.

2) For further details on the underlying assumptions that support the Debt Servicing Costs projections, see Schedule 14, Page B33 and Schedule 15, Page B34.

STATUTORY CAPITAL ITEMS - SUMMARY

($ thousands)

Schedule 5

ACTUAL 2001-2002	ESTIMATE 2002-2003	FORECAST 2002-2003		ESTIMATE 2003-2004
			CAPITAL ADVANCES AND INVESTMENTS The following is given for information as to the proposed program.	
			Additional Advances and Investments (A)	
18,926	25,000	25,000	Fisheries Development Fund	25,000
2,607	10,000	10,300	Industrial Development Act	10,000
2	---	---	Municipal Loan and Building Fund Act	---
34,809	---	---	Nova Scotia Business Development Corporation	---
24,157	28,000	21,000	Nova Scotia Farm Loan Board	25,000
---	---	---	Nova Scotia First Fund	8,000
---	40,000	17,000	Nova Scotia Fund	35,000
---	33,700	22,000	Nova Scotia Housing Development Corporation	40,000
80,501	**136,700**	**95,300**		**143,000**
			Repayments (A)	
10,706	10,000	10,000	Fisheries Development Fund	11,000
6,598	4,000	6,500	Industrial Development Act	5,000
95	208	208	Municipal Loan and Building Fund Act	210
19,127	---	---	Nova Scotia Business Development Corporation	---
23,263	17,000	23,000	Nova Scotia Farm Loan Board	18,000
---	15,000	15,000	Nova Scotia Fund	15,000
---	13,000	18,000	Nova Scotia Housing Development Corporation	15,920
189	---	---	Miscellaneous	---
59,978	**59,208**	**72,708**		**65,130**
20,523	**77,492**	**22,592**	**Net Capital Advances and Investments**	**77,870**

(A) - Capital Advances and Investments for which no Vote is required under the Appropriations Act. The Spending Authority is contained in the respective Statutes. Borrowing provided for under the Appropriations Act.

Financial Statistics

To the Budget Address 2003–2004

HISTORICAL ANALYSIS OF ORDINARY REVENUES BY SOURCE

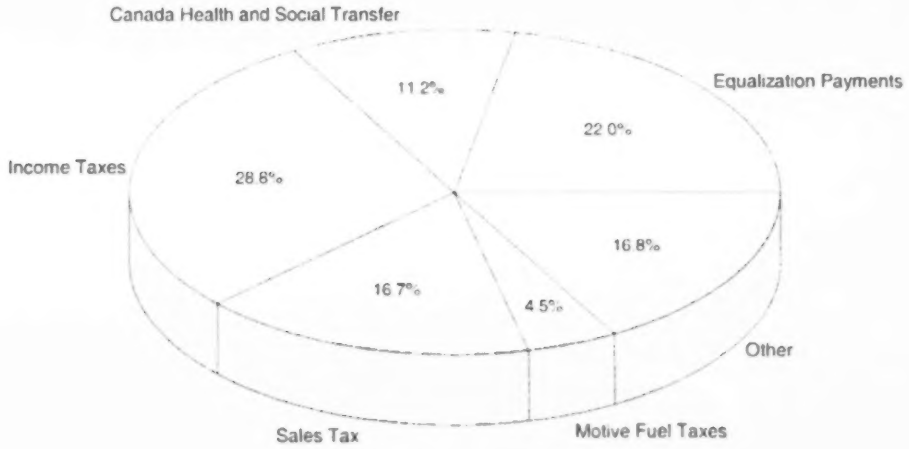
Schedule 6

	1999-2000 (as restated)	2000-2001 (as restated)	2001-2002	FORECAST 2002-2003	ESTIMATE 2003-2004
REVENUE BY SOURCE *($ thousands)*					
Provincial Sources					
Personal Income Tax	1,144,871	1,228,672	1,274,481	1,357,321	1,317,200
Corporate Income Tax	149,379	169,232	194,439	204,950	270,385
Sales Tax	754,827	804,280	852,797	905,120	942,150
Tobacco Tax	76,543	75,577	105,751	145,420	166,720
Motive Fuel Taxes	219,389	201,669	207,951	245,607	254,197
Gaming Corporation Profits	164,926	171,256	174,716	185,000	177,500
Liquor Commission Profits	135,170	137,183	143,859	160,208	166,800
Interest Revenues	50,015	67,177	66,724	71,169	69,390
Registry of Motor Vehicles	61,439	61,979	65,051	72,569	73,704
Royalties - Petroleum	1,970	9,269	17,329	14,000	27,000
Other Provincial Sources	166,944	168,267	165,048	184,732	187,119
Prior Years' Adjustments - Provincial Sources	56,428	78,156	83,282	30,014	---
Federal Sources					
Equalization	1,279,610	1,395,500	1,321,100	1,192,860	1,242,870
Canada Health and Social Transfer	527,920	526,054	553,375	609,823	701,151
Health Reform Fund	---	---	---	---	30,000
Other Federal Sources	57,116	2,330	2,306	2,330	2,330
Prior Years' Adjustments - Federal Sources	(47,028)	21,758	11,893	42,236	---
Total Ordinary Revenues	**4,799,519**	**5,118,359**	**5,240,102**	**5,423,359**	**5,628,516**
REVENUE BY SOURCE *(as a percentage of Total Ordinary Revenues)*					
Provincial Sources					
Personal Income Tax	23.9%	24.0%	24.3%	25.0%	23.4%
Corporate Income Tax	3.1%	3.3%	3.7%	3.8%	4.8%
Sales Tax	15.7%	15.7%	16.3%	16.7%	16.7%
Tobacco Tax	1.6%	1.5%	2.0%	2.7%	3.0%
Motive Fuel Taxes	4.6%	3.9%	4.0%	4.5%	4.5%
Gaming Corporation Profits	3.4%	3.3%	3.3%	3.4%	3.2%
Liquor Commission Profits	2.8%	2.7%	2.7%	3.0%	3.0%
Interest Revenues	1.0%	1.3%	1.3%	1.3%	1.2%
Registry of Motor Vehicles	1.3%	1.2%	1.2%	1.3%	1.3%
Royalties - Petroleum	0.0%	0.2%	0.3%	0.3%	0.5%
Other Provincial Sources	3.5%	3.3%	3.1%	3.4%	3.3%
Prior Years' Adjustments - Provincial Sources	1.2%	1.5%	1.6%	0.6%	---
Total - Provincial Sources	**62.1%**	**62.0%**	**64.0%**	**65.9%**	**64.9%**
Federal Sources					
Equalization	26.7%	27.3%	25.2%	22.0%	22.1%
Canada Health and Social Transfer	11.0%	10.3%	10.6%	11.2%	12.5%
Health Reform Fund	---	---	---	---	0.5%
Other Federal Sources	1.2%	0.0%	0.0%	0.0%	0.0%
Prior Years' Adjustments - Federal Sources	-1.0%	0.4%	0.2%	0.8%	---
Total - Federal Sources	**37.9%**	**38.0%**	**36.0%**	**34.1%**	**35.1%**
Total Ordinary Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

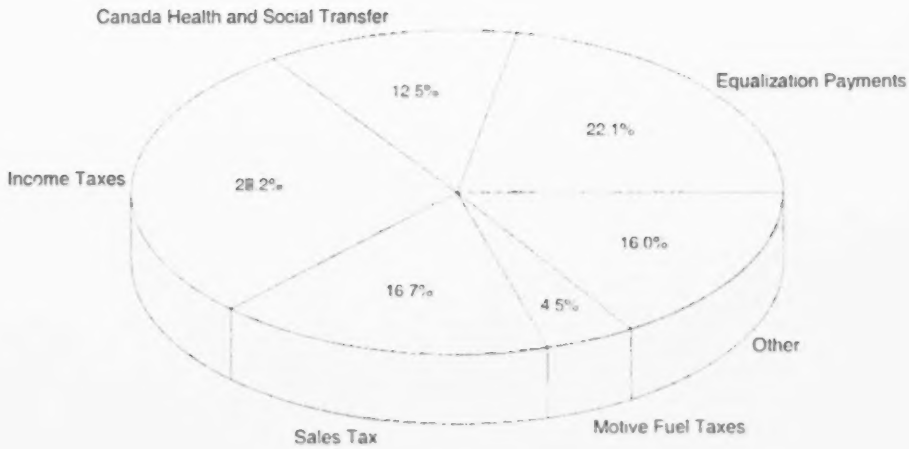
ORDINARY REVENUES BY SOURCE

Chart 1

2002-2003 FORECAST

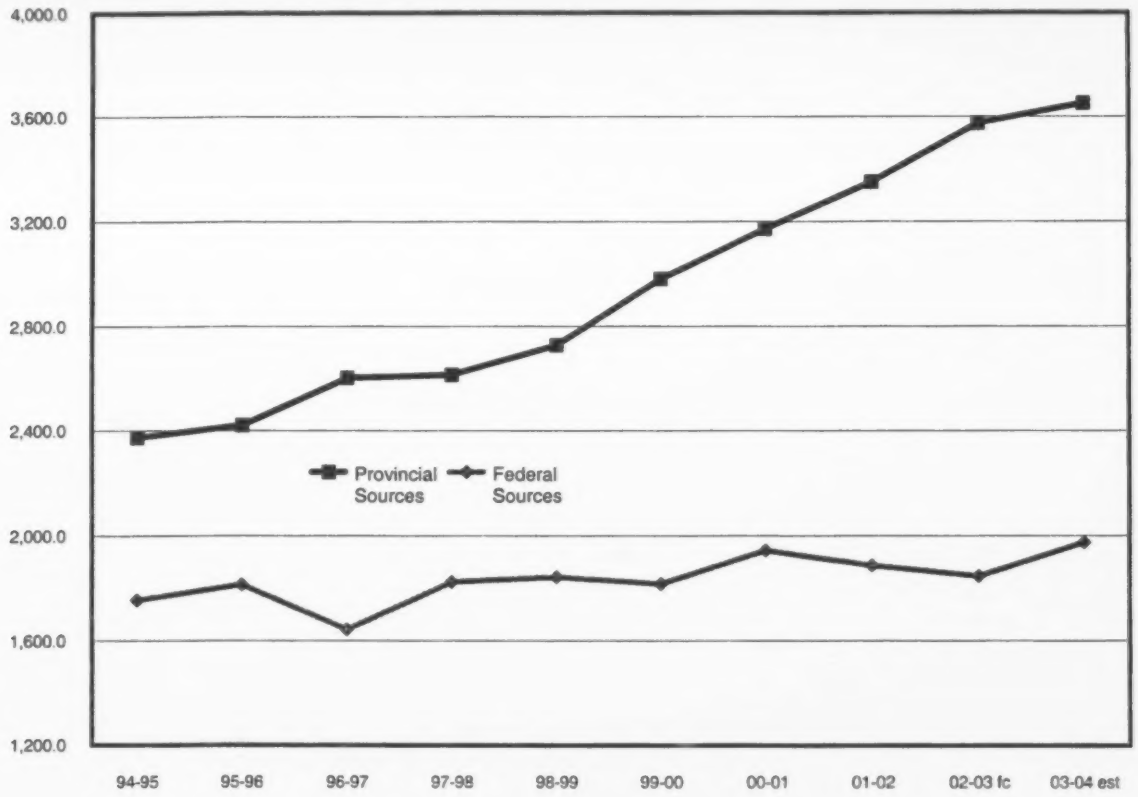


2003-2004 ESTIMATE



ORDINARY REVENUES BY SOURCE
PROVINCIAL vs FEDERAL SOURCES
($ millions)

Chart 2



HISTORICAL ANALYSIS OF TOTAL NET EXPENSES BY FUNCTION

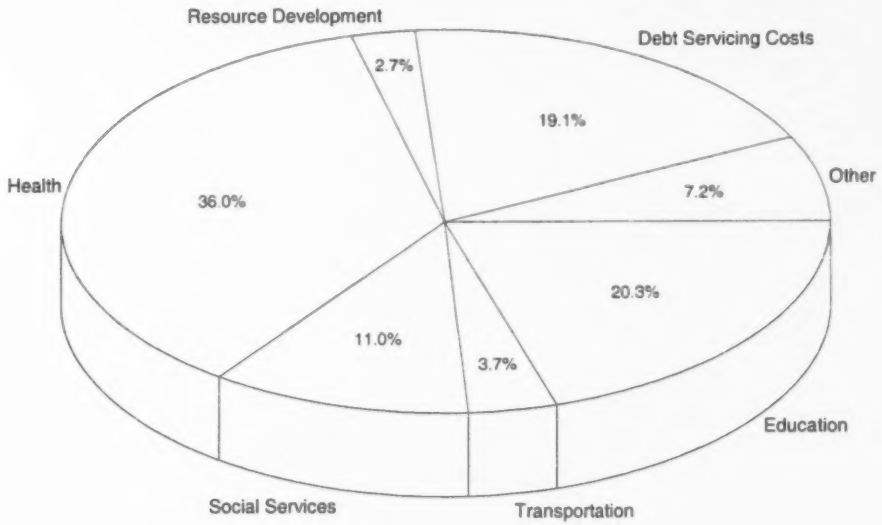
Schedule 7

	1999-2000	*2000-2001*	*2001-2002*	***FORECAST*** *2002-2003*	***ESTIMATE*** *2003-2004*
FUNCTION					
($ thousands)					
General Government	154,230	180,495	177,095	149,056	149,857
Public Protection	161,596	149,304	169,135	167,806	174,572
Transportation	181,575	196,187	195,131	207,600	210,660
Resource Development	195,894	174,980	173,580	154,216	162,511
Health	1,797,415	1,806,716	1,937,641	2,034,981	2,164,393
Social Services	571,727	561,014	603,597	622,486	624,420
Education	1,172,153	1,078,144	1,118,422	1,145,319	1,181,726
Culture and Recreation	43,842	41,238	43,720	40,407	41,454
Municipal Affairs	72,913	63,396	53,828	48,183	46,887
Total Net Program Expenses	**4,351,345**	**4,251,474**	**4,472,149**	**4,570,054**	**4,756,480**
Debt Servicing Costs	1,059,672	1,115,473	1,141,472	1,075,742	1,062,316
Total Net Expenses	**5,411,017**	**5,366,947**	**5,613,621**	**5,645,796**	**5,818,796**
FUNCTION					
(as a percentage of Total Net Expenses)					
General Government	2.8%	3.3%	3.2%	2.6%	2.6%
Public Protection	3.0%	2.8%	3.0%	3.0%	3.0%
Transportation	3.4%	3.6%	3.5%	3.7%	3.6%
Resource Development	3.6%	3.3%	3.1%	2.7%	2.8%
Health	33.2%	33.7%	34.5%	36.0%	37.2%
Social Services	10.6%	10.4%	10.7%	11.0%	10.7%
Education	21.7%	20.1%	19.9%	20.3%	20.3%
Culture and Recreation	0.8%	0.8%	0.8%	0.7%	0.7%
Municipal Affairs	1.3%	1.2%	1.0%	0.9%	0.8%
Total Net Program Expenses	**80.4%**	**79.2%**	**79.7%**	**80.9%**	**81.7%**
Debt Servicing Costs	19.6%	20.8%	20.3%	19.1%	18.3%
Total Net Expenses	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

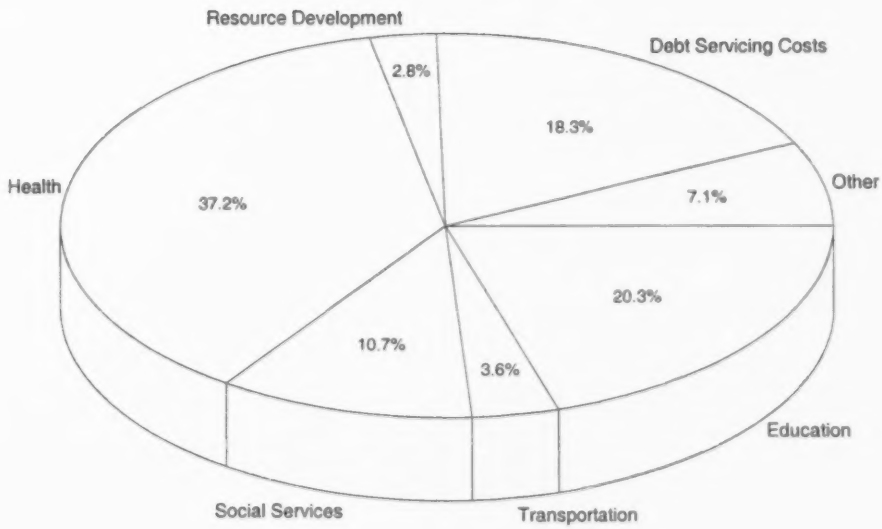
TOTAL NET EXPENSES BY FUNCTION

Chart 3

2002-2003 FORECAST



2003-2004 ESTIMATE



SUMMARY OF REVENUES AND EXPENSES BY SOURCE AND FUNCTION

Schedule 8

($ thousands)

ESTIMATE 2002-2003 (as restated)	FORECAST 2002-2003 (as restated)	CHANGE OVER ESTIMATE 2002-2003		ESTIMATE 2003-2004
			Consolidated Fund	
			Net Revenues by Source	
			Provincial Sources	
1,315,144	1,357,321	42,177	Personal Income Tax	1,317,200
183,632	204,950	21,318	Corporate Income Tax	270,385
888,917	905,120	16,203	Harmonized Sales Tax	942,150
138,508	145,420	6,912	Tobacco Tax	166,720
239,350	245,607	6,257	Motive Fuel Taxes	254,197
186,000	185,000	(1,000)	Gaming Corporation Profits	177,500
160,208	160,208	---	Liquor Commission Profits	166,800
60,216	71,169	10,953	Interest Revenues	69,390
75,162	72,569	(2,593)	Registry of Motor Vehicles	73,704
10,000	14,000	4,000	Royalties - Petroleum	27,000
160,834	184,732	23,898	Other Provincial Sources	187,119
			Federal Sources	
1,320,177	1,192,860	(127,317)	Equalization	1,242,870
591,359	609,823	18,464	Canada Health and Social Transfer	701,151
---	---	---	Health Reform Fund	30,000
2,330	2,330	---	Other Federal Sources	2,330
			Prior Years' Adjustments - Federal-Provincial	
---	72,250	72,250	Fiscal Arrangements	---
5,331,837	**5,423,359**	**91,522**	**Total - Net Revenues**	**5,628,516**
			Net Expenses by Function	
150,535	149,056	(1,479)	General Government	149,857
163,499	167,806	4,307	Public Protection	174,572
201,339	207,600	6,261	Transportation	210,660
154,959	154,216	(743)	Resource Development	162,511
2,014,606	2,034,981	20,375	Health	2,164,393
614,139	622,486	8,347	Social Services	624,420
1,125,497	1,145,319	19,822	Education	1,181,726
40,226	40,407	181	Culture and Recreation	41,454
47,924	48,183	259	Municipal Affairs	46,887
4,512,724	**4,570,054**	**57,330**	**Total - Net Program Expenses**	**4,756,480**
(50,000)	**(23,000)**	**27,000**	**Pension Valuation Adjustment**	**(13,600)**
890,313	**883,126**	**(7,187)**	**Net Debt Servicing Costs**	**892,793**
5,353,037	**5,430,180**	**77,143**	**Total - Net Expenses**	**5,635,673**
(21,200)	**(6,821)**	**14,379**		**(7,157)**
22,500	**21,300**	**(1,200)**	**Consolidation and Accounting Adjustments for Government Service Organizations and Net Income (Losses) Business Enterprises**	**10,000**
1,300	**14,479**	**13,179**	**Provincial Surplus (Deficit)**	**2,843**

Economic Indicators

To the Budget Address 2003–2004

GROSS DOMESTIC PRODUCT at MARKET PRICES

Schedule 9

(Chained 1997$ millions)

YEAR	*NOVA SCOTIA (1)*	*GROWTH RATE %*	*CANADA (2)*	*GROWTH RATE %*
1995	19,410		833,456	
1996	19,529	0.6	846,952	1.6
1997	20,368	4.3	882,733	4.2
1998	21,127	3.7	918,910	4.1
1999	22,247	5.3	968,451	5.4
2000	22,657	1.8	1,012,335	4.5
2001	23,233	2.5	1,027,523	1.5
2002	23,956 p	3.1	1,062,143	3.4
2003	24,640 p	2.9	1,089,386 p	2.6
2004	25,332 p	2.8	1,123,841 p	3.2

1 Source: Statistics Canada, Provincial Economic Accounts, Cat. No. 13-213-PPB

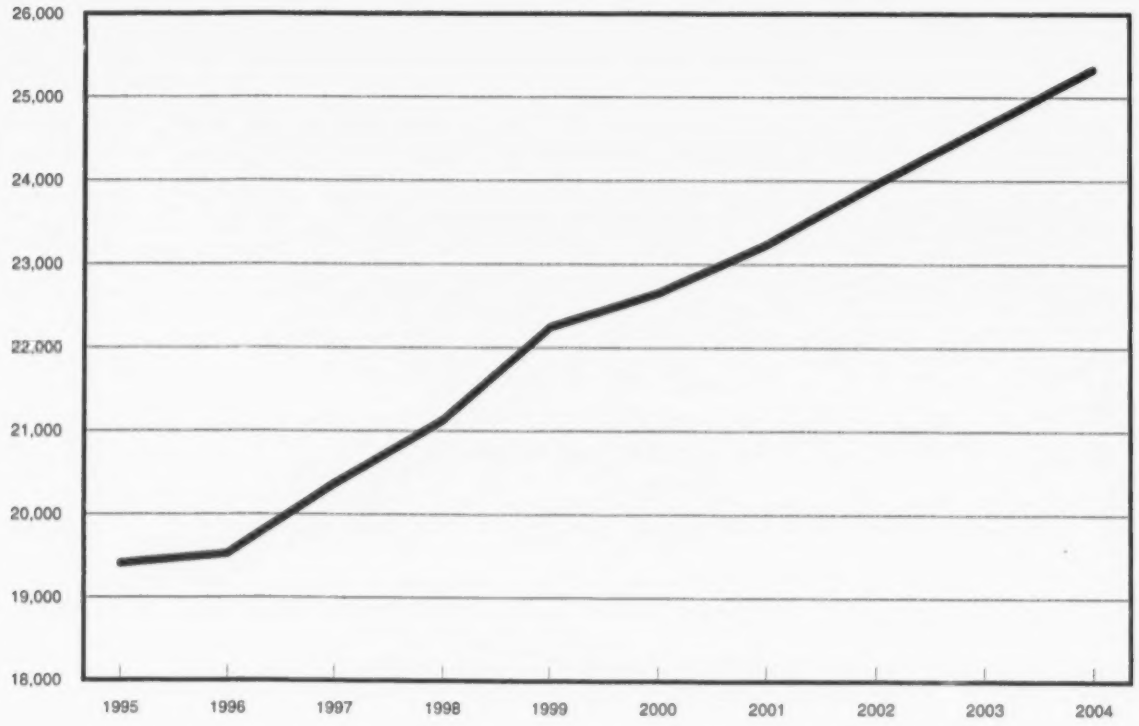
2 Source: Statistics Canada, National Income and Expenditure Accounts, Cat. No. 13-001-PPB

p Preliminary Projections; Source: Nova Scotia Department of Finance

Note: The Chained 1997$ million is the Fisher Volume Index formula (1997 = 100) used to project Gross Domestic Product in constant dollars.

Nova Scotia Gross Domestic Product at Market Prices

(Chained 1997$ millions)



PERSONAL INCOME PER CAPITA

(dollars)

Schedule 10

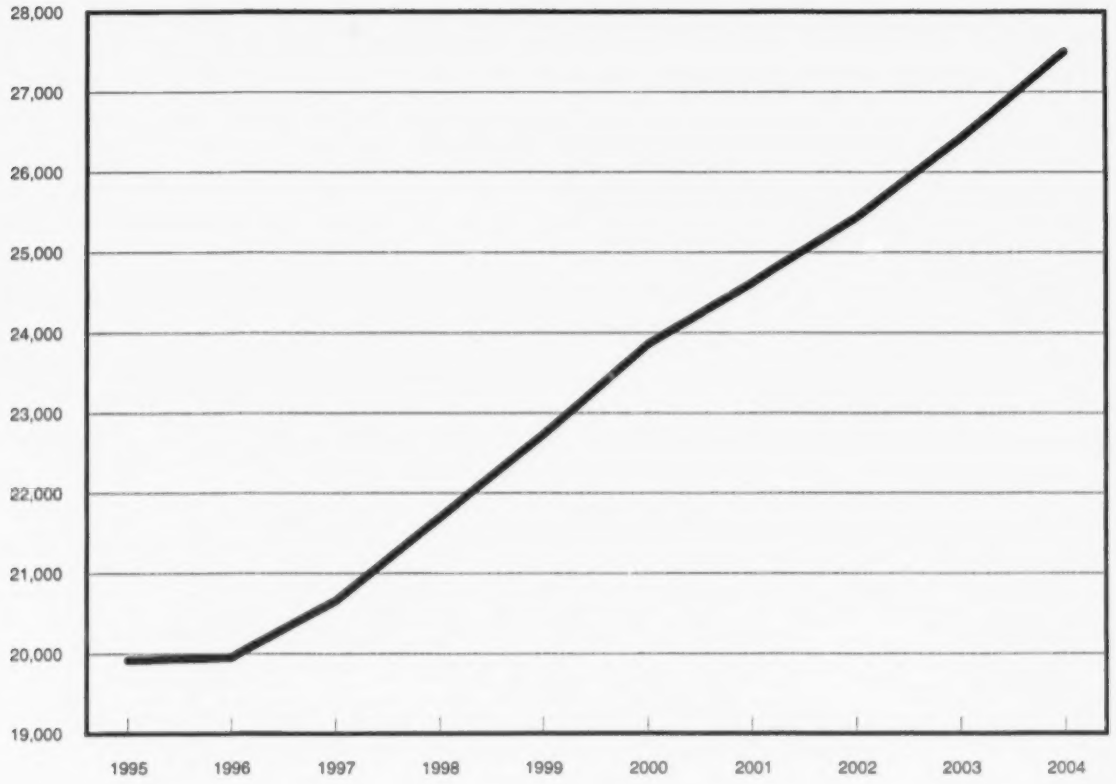
YEAR	NOVA SCOTIA (1)	% CHANGE	CANADA (1)	% CHANGE
1995	19,921		22,897	
1996	19,951	0.2	23,160	1.1
1997	20,656	3.5	23,860	3.0
1998	21,693	5.0	24,740	3.7
1999	22,732	4.8	25,693	3.9
2000	23,855	4.9	27,263	6.1
2001	24,615	3.2	28,076	3.0
2002	25,426 p	3.3	28,678 p	2.1
2003	26,416 p	3.9	29,879 p	4.2
2004	27,504 p	4.1	31,108 p	4.1

1 Source: Statistics Canada, Cat. Nos. 13-001-XPB, 13-213-PPB, Statistics Canada, Demography Division and Nova Scotia Department of Finance

p Preliminary Projections; Source: Nova Scotia Department of Finance

Personal Income Per Capita in Nova Scotia

(dollars)



NOVA SCOTIA LABOUR MARKET

(thousands of persons)

Schedule 11

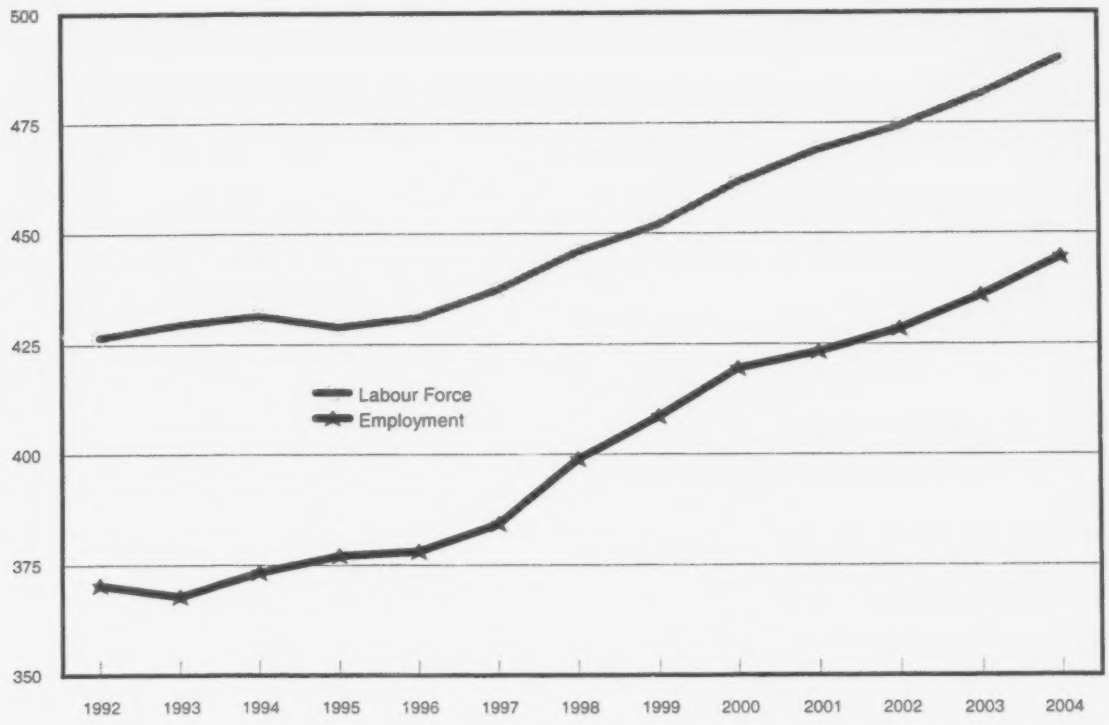
YEAR	LABOUR FORCE (1)	% CHANGE	EMPLOYMENT (1)	% CHANGE
1992	427		370	
1993	430	0.7	368	(0.7)
1994	432	0.5	373	1.5
1995	429	(0.6)	377	1.0
1996	431	0.5	378	0.3
1997	437	1.5	384	1.6
1998	446	1.9	399	3.8
1999	452	1.4	409	2.4
2000	462	2.1	420	2.7
2001	469	1.6	423	0.9
2002	474	1.1	428	1.2
2003	482 p	1.5	436 p	1.8
2004	490 p	1.7	445 p	2.0

1 Source: Statistics Canada, 2002 Labour Force Historical Review on CD-ROM (71F0004XCB)

p Preliminary Projections; Source: Nova Scotia Department of Finance

Nova Scotia Labour Market

(thousands of persons)



UNEMPLOYMENT

(thousands of persons)

Schedule 12

YEAR	NOVA SCOTIA (1) UNEMPLOYED	NOVA SCOTIA (1) UNEMPLOYMENT RATE %	CANADA (1) UNEMPLOYED	CANADA (1) UNEMPLOYMENT RATE %
1992	56	13.2	1,602	11.2
1993	62	14.3	1,647	11.4
1994	58	13.5	1,515	10.4
1995	52	12.1	1,393	9.4
1996	53	12.3	1,437	9.6
1997	53	12.1	1,379	9.1
1998	47	10.5	1,277	8.3
1999	43	9.6	1,190	7.6
2000	42	9.1	1,090	6.8
2001	46	9.7	1,170	7.2
2002	46	9.7	1,278	7.7
2003	46 p	9.4 p	1,268 p	7.5 p
2004	45 p	9.2 p	1,225 p	7.1 p

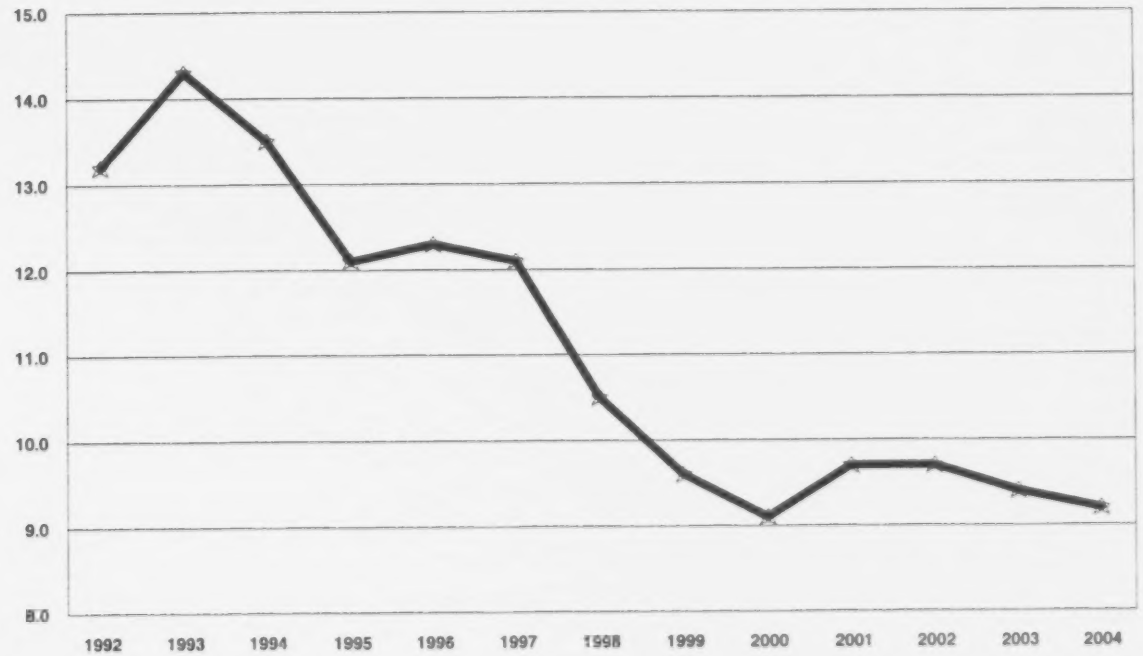
1 Source: Statistics Canada, 2002 Labour Force Historical Review on CD-ROM (71F0004XCB)

p Preliminary Projections; Source: Nova Scotia Department of Finance

Note: The unemployment statistics shown in this table are annual averages of the monthly indices.

Unemployment Rate in Nova Scotia

(Per Cent)



Fiscal Plan 2003–2004 to 2006–2007

To the Budget Address 2003–2004

FISCAL PLAN 2003-2004 to 2006-2007

Schedule 13

($ millions)

	ESTIMATE 2002-2003	FORECAST 2002-2003	ESTIMATE 2003-2004	ESTIMATE 2004-2005	ESTIMATE 2005-2006	ESTIMATE 2006-2007
Revenue	5,331.8	5,423.4	5,628.5	5,783.1	5,951.2	6,165.3
Net Program Expenses	4,462.7	4,547.1	4,742.9	4,815.9	4,941.2	5,129.2
Debt Servicing Costs	1,080.7	1,075.7	1,062.3	1,139.3	1,164.2	1,170.5
Less: Sinking Fund Earnings	(190.4)	(192.6)	(169.5)	(162.1)	(144.2)	(124.4)
Net Debt Servicing Costs	890.3	883.1	892.8	977.2	1,020.0	1,046.1
Net Expenses	5,353.0	5,430.2	5,635.7	5,793.1	5,961.2	6,175.3
Consolidation Adjustments	---	(1.2)	---	---	---	---
Net Income (Losses) Government Business Enterprises	22.5	22.5	10.0	10.0	10.0	10.0
Provincial Surplus	1.3	14.5	2.8	0.0	0.0	0.0

The Province of Nova Scotia is gaining financial strength with the government's second consecutive balanced budget in fiscal 2003-2004.

On April 4, 2002, the Province's first truly balanced budget in four decades was introduced to the House of Assembly. For the fiscal year 2002-2003, the government is forecasting a surplus of $14.5 million.

The government's commitment to lower taxes is realized with a dedicated tax relief measure in mid-2003, and with a reduction in all three tax rates, beginning in January 2004. A strong economy and responsible management of government programs and services throughout the past fiscal year is allowing for increased spending in fiscal 2003-2004. Significant funding increases will be seen in health care, education, community services, and additional capital spending will result in improvements to the transportation infrastructure.

The provincial government's own-source revenues continue to grow while federal government contributions remain relatively flat.

A significant goal was reached in fiscal 2002-2003 as foreign currency exposure dropped to 20.0 per cent at the start of the year, 18 months ahead of schedule. Vulnerability to foreign currency fluctuations has been addressed, and today 80.0 per cent of the Province's debt is either fully hedged or held in Canadian dollars.

The capital spending program will address the infrastructure deficit while adding to the debt. However, the Province's ability to pay its debt is improving, as the net direct debt to GDP ratio has dropped from 46.4 per cent in fiscal 1999-2000 to 42.5 per cent in fiscal 2002-2003.

Treasury Management Information

To the Budget Address 2003–2004

Overview of Treasury Management in Fiscal 2002-2003

The Debt Management Committee (DMC), an executive committee of the Department of Finance, oversees the debt management function of the Province of Nova Scotia by providing staff with strategic objectives and guidelines for financial risk management and capital market activities. The Deputy Minister of Finance is the chair of the DMC. The Committee exercises its authority by delegating certain functional tasks through sub-committees such as the Credit Sub-Committee, ISDA Sub-Committee, Cash Forecasting Sub-Committee, Capital Strategy Sub-Committee, and the Internal Audit Sub-Committee.

In fiscal 2002-2003, the Province borrowed $932.0 million compared to the borrowing requirements of $736.0 million in the original budget, and substantially lower than the previous year's level of $2.74 billion. In fiscal 2002-2003, the Province took advantage of favorable domestic market conditions to complete the year's borrowing needs and to pre-borrow for the refinancing of existing debt in the next fiscal year.

Structure of the Debt Portfolio

The following five profiles help describe the overall structure and risk profile of the Province's Debt Portfolio: 1) primary issuance market; 2) maturity schedule; 3) foreign currency exposure; 4) interest rate mix; and, 5) derivative counterparty exposure.

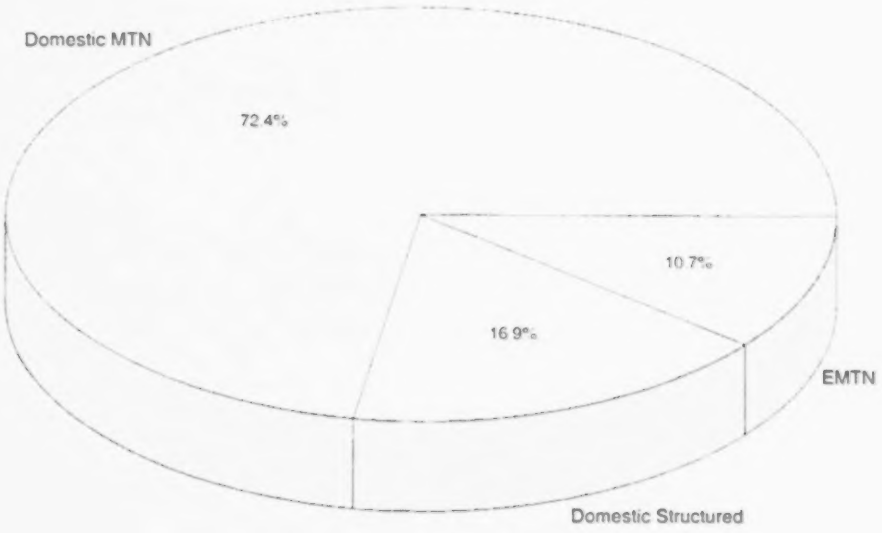
1) Primary Issuance Market

In fiscal 2002-2003, the Province borrowed its requirements in the domestic and international financial markets through the reopening of a EuroCanadian issue for $100.0 million, and 14 domestic Medium Term Notes (MTN's), of which 6 were retail structured notes, and 8 were floating rate notes. The Province did not access the domestic public market during the fiscal year. The overall size of the borrowing program increased to $932.0 million from the original budget of $736.0 million. This increase in borrowing was pre-borrowing for future years. Chart 4, titled "Consolidated Fund Debt Portfolio - Issuance Profile", outlines the composition of debt issued in the 2002-2003 fiscal year.

The Province has a diversity of borrowing sources, as this is a key factor in lower financing costs and maintaining a broad demand for Nova Scotia debt issues. The Province maintains documentation necessary in order to issue securities in both the United States and the Japanese markets. In early 2000, the Province established a Euro Medium Term Note program (EMTN) to provide more timely and efficient access to European institutional and retail markets. In fiscal 2002-2003, the Province executed one term debt transaction under the EMTN program, the $100.0 million EuroCanadian issue.

CONSOLIDATED FUND DEBT PORTFOLIO - Issuance Profile, 2002-2003

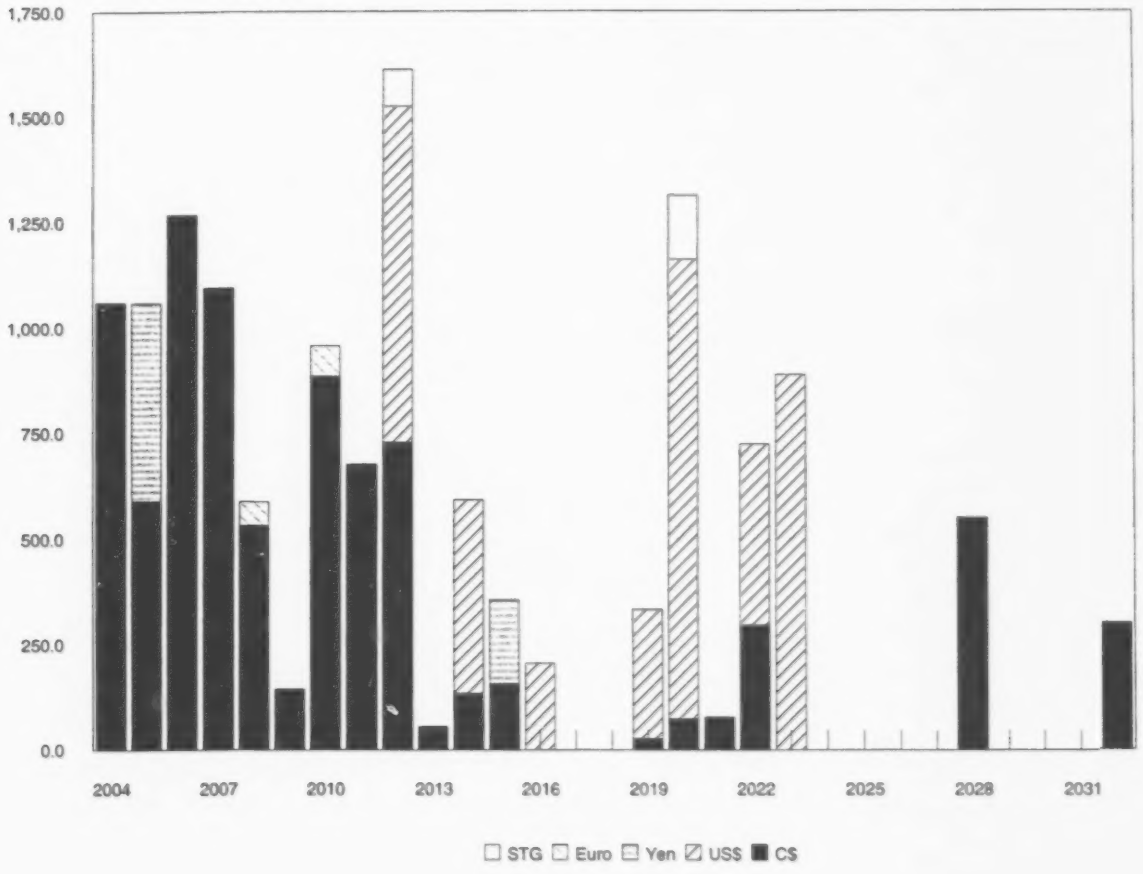
Chart 4



Some Crown agencies of the Province of Nova Scotia have lent monies to the consolidated fund on a short-term basis. At March 28, 2003, a total of $74.9 million was invested by the Nova Scotia Government Fund, the Workers' Compensation Board of Nova Scotia, the Nova Scotia Gaming Corporation, the Nova Scotia Municipal Finance Corporation, the Nova Scotia Research and Innovation Trust, and the Nova Scotia Crop and Livestock Insurance Commission.

CONSOLIDATED FUND DEBT PORTFOLIO -
Maturity Schedule
(in C$ millions)

Chart 5

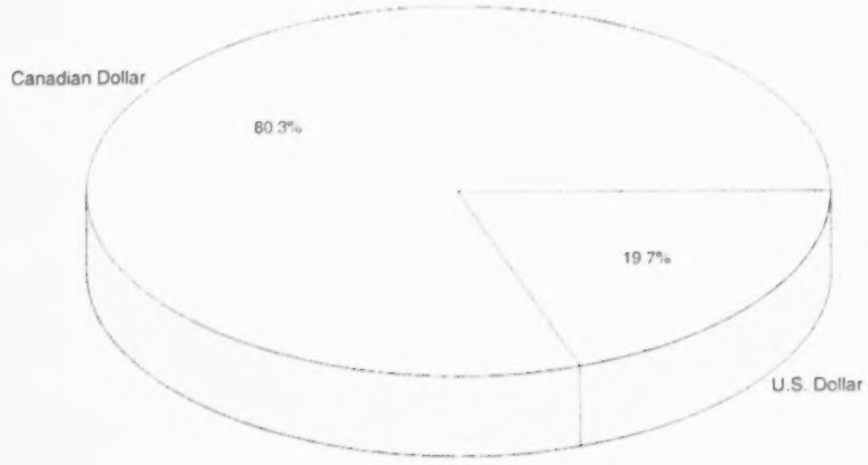


2) Maturity Schedule

Chart 5, titled "Consolidated Fund Debt Portfolio - Maturity Schedule", displays the maturity profile of the Province's gross debt portfolio. The Province's currency exposures are shown prior to the effect of derivative transactions, and callable debt is shown in the year of final maturity. Debt maturities over the next two years are $1.1 billion in both fiscal 2003-2004 and fiscal 2004-2005 (see Schedule 17). These amounts are partially offset by drawing down the Public Debt Retirement Fund (PDRF) and the Sinking Fund General to retire this debt.

CONSOLIDATED FUND DEBT PORTFOLIO -
Foreign Currency Exposure
(at March 31, 2002)

Chart 6



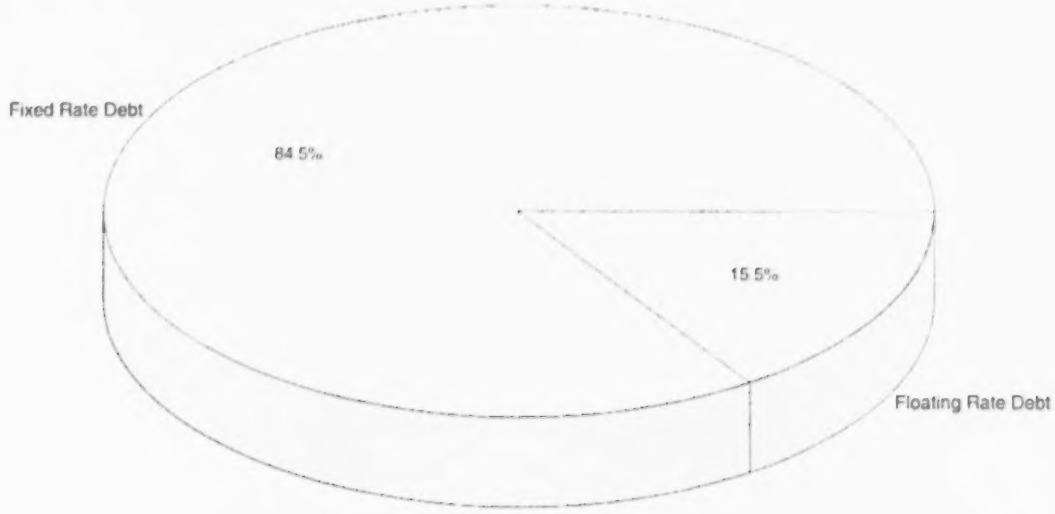
3) Foreign Currency Exposure

The Canadian dollar denominated debt represented the largest share of the gross debt portfolio at 80.3 per cent, excluding Sinking Funds and Public Debt Retirement Funds, based on the face value in Canadian dollars, up from 71.1 per cent at the end of fiscal 2001-2002. The reduction in foreign currency exposure during fiscal 2002-2003 was due to a US dollar maturity, the hedging of the Province's remaining Japanese Yen debt to Canadian dollars, and the improvement in the Canadian dollar. The Province of Nova Scotia's remaining foreign currency debt of 19.7 per cent is in US dollars. The Province established US dollar sinking funds for all USD debt issued in the late 1980's and early 1990's. As such, there are significant US dollar assets to offset the gross foreign currency exposure, and on a net basis, at March 31, 2003, the Province's foreign currency exposure was 15.0 per cent. The Nova Scotia Provincial Finance Act requires that the Province reduce its foreign currency exposure to under 20.0 per cent and that all maturities of greater than one year are refinanced net in Canadian dollars.

In fiscal 2002-2003, on a year-over-year basis, the value of the Canadian dollar improved against the US dollar from $1.5935 to $1.4693 CAD/USD ($0.6806 USD/CAD). Chart 6, titled "Consolidated Fund Debt Portfolio - Foreign Currency Exposure", displays the current profile of the Province's debt portfolio after the use of derivatives.

CONSOLIDATED FUND DEBT PORTFOLIO -
Fixed and Floating Rate Debt

Chart 7



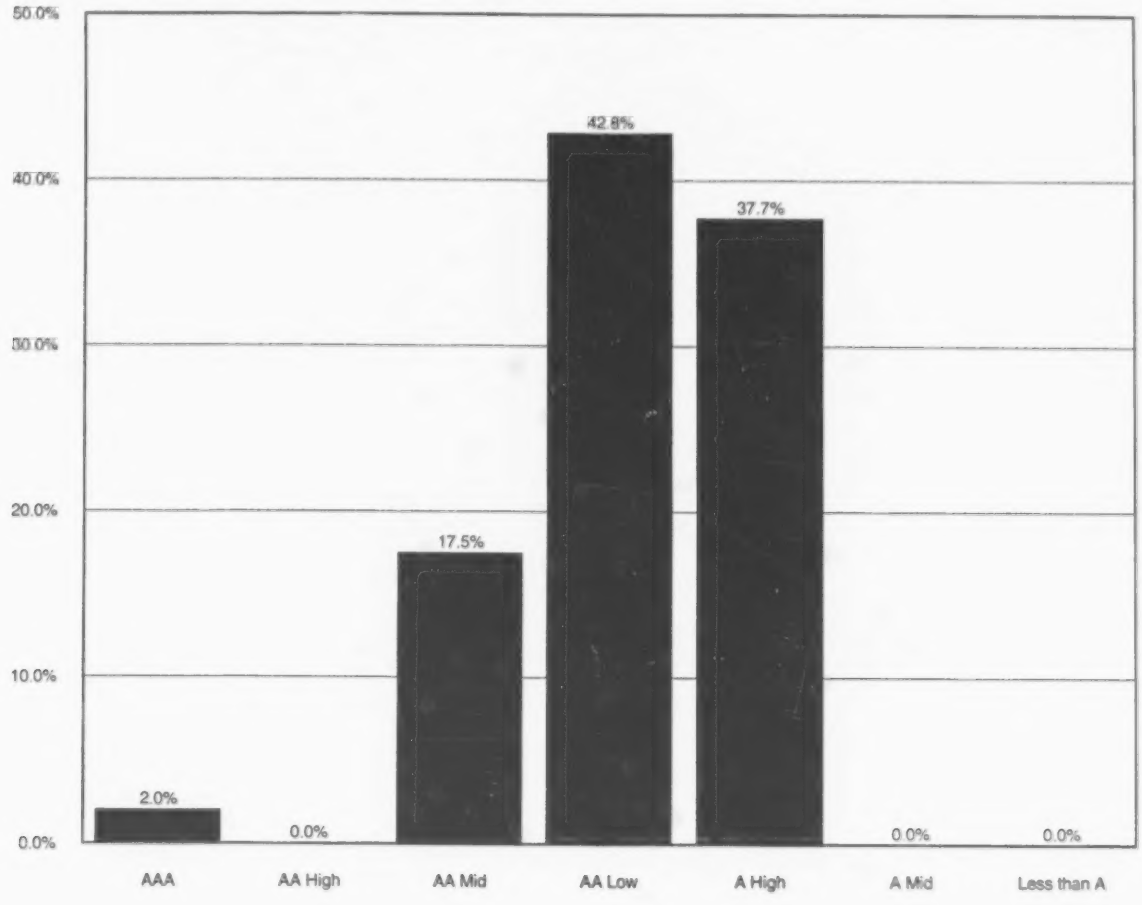
4) Interest Rate Mix

The debt portfolio's exposure to floating interest rates has remained largely unchanged over the past year at 15.5 per cent for the fiscal year ended March 31, 2003. The Province includes debt maturing in under one year as floating interest rate debt. This level is at the low end of the Province's floating rate exposure policy of having floating rate exposure in the range of 15.0 to 35.0 percent of debt outstanding. Having 84.5 percent of the total principal in fixed rate form provides stability in debt servicing costs for future years. Chart 7, titled "Consolidated Fund Debt Portfolio - Fixed and Floating Rate Debt", displays the interest rate profile of the Province's debt portfolio.

CONSOLIDATED FUND DEBT PORTFOLIO -
Derivative Counterparty Rating

Chart 8

(Per Cent)

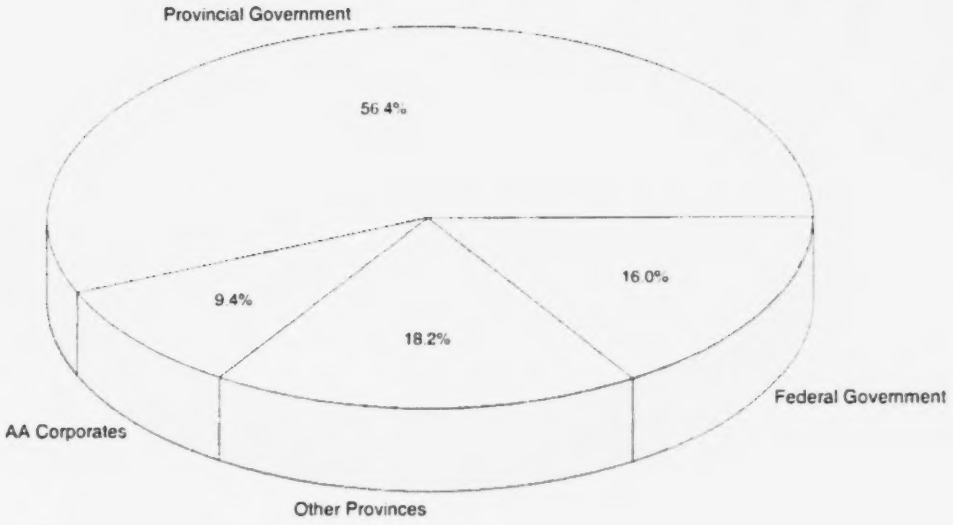


5) Derivative Counterparty Exposure

The Province is currently party to approximately $4.6 billion notional face value of derivative transactions. The credit policy of the Province is that it only executes derivative transactions with well rated counterparties. All counterparties are rated equal to or better than the Province. The Liability Management Division actively manages credit risks of the derivative portfolio. All counterparty exposure and limits are reviewed by the Credit Sub-Committee of the Debt Management Committee. Chart 8, titled "Consolidated Fund Debt Portfolio - Derivative Counterparty Rating", displays the percentage exposure with counterparties of various ratings. When a counterparty has a split rating, the Province uses the lowest amongst the ratings.

Sinking and Public Debt Retirement Funds - Investments by Type of Issuer
(on a Book Value Basis)

Chart 9



Structure of Sinking Funds and Public Debt Retirement Fund

At March 31, 2002, Sinking Funds that were held for Canada Pension Plan and Medium Term Notes (MTN's) were moved to the "Sinking Fund General". Sinking Funds, totaling $696.8 million, that were held for public issues without a sinking fund bond covenant, as of March 31, 2003, have also been moved to the "Sinking Fund General". These monies now total $1.12 billion and are available at the discretion of the Minister of Finance to retire maturing debt issues.

At March 31, 2003, the estimated book value of the Sinking Funds was $2,048.1 million and the Public Debt Retirement Funds (PDRF) was $1,389.4 million (see Schedule 18). The policy objectives of the Sinking Fund and the PDRF are to manage interest rate and currency exposure, manage short-term liquidity, and assist in the refunding of maturing debt, while at the same time providing a long-term investment return to the Province.

The assets of the Sinking Fund and PDRF are invested in high quality investments subject to approval by the Credit Sub-Committee of the Debt Management Committee. The entire assets were invested in either federal or provincial debt obligations, or corporate holdings with an AA rating. There are no debenture holdings of Canadian Chartered Banks. The PDRF is typically invested in Government of Canada and provincial bonds other than those of the Province of Nova Scotia. At April 3, 2003, the PDRF held some Nova Scotia bonds maturing in under one year. Cash and equivalents in the Sinking Fund and PDRF are 23.3 per cent of total assets. Chart 9, titled "Sinking and Public Debt Retirement Funds - Investment by Type of Issuer", further details the breakdown of the bond investments held by the Sinking Funds and the PDRF.

DEBT SERVICING COSTS - Sensitivity Analysis

Schedule 14

Change in Financial Market Variables	*Change in Debt Servicing Costs (Cdn $ millions)*
1% change in Canada 3 - Month Treasury Bill	13.1
1% change in US 3 - Month Treasury Bill	4.6
1 Canadian cent change per 1 US dollar	1.3
1 Japanese Yen change per 1 US dollar	0.4

Debt Servicing Costs - Sensitivity Analysis

Actual debt servicing costs will vary from estimated amounts due to the dependence of debt servicing costs on certain financial market variables and changes in the amount borrowed. The assumed levels for financial market variables are listed in Schedule 15. The sensitivity of debt servicing costs estimates for the key variables is noted in Schedule 14.

The sensitivities show how much debt servicing costs would change if a variable changed from an assumed level for a full year. For example, if the Canadian dollar was 1 cent stronger relative to the assumed level of $1.55 for the entire period from April 1, 2003 to March 31, 2004, then debt servicing costs would decrease by $1.3 million, if all other factors held constant.

INTEREST RATE and FOREIGN EXCHANGE RATE ASSUMPTIONS

Schedule 15

			Assumptions				
	ESTIMATE 2002-2003	*AVERAGE 2002-2003 Actual*	*ACTUAL 31-Mar-2003*	*ESTIMATE 2003-2004*	*ESTIMATE 2004-2005*	*ESTIMATE 2005-2006*	*ESTIMATE 2006-2007*
Foreign Exchange Rates							
United States Dollar							
CAD/USD	1.6000	1.5503	1.4693	1.5500	1.4705	1.4705	1.4705
USD/CAD	0.6250	0.6450	0.6806	0.6452	0.6800	0.6800	0.6800
Japanese Yen							
JPY/USD	130.000	121.920	118.060				
JPY/CAD	81.25	78.64	80.35				
10-Year Government Rates							
Canada	5.50%	5.19%	5.08%	5.55%	7.15%	7.15%	7.15%
3-Month Treasury Bill Rates							
Canada	2.40%	2.76%	3.15%	3.30%	4.40%	5.15%	5.15%
United States	2.00%	1.44%	1.09%	1.80%	3.60%	3.60%	3.60%

All assumptions are shown as average levels for the relevant fiscal year.

Interest Rate and Foreign Exchange Rate Assumptions

The interest rate and foreign exchange rate assumptions that are used to estimate fiscal year 2003-2004 Debt Servicing Costs are shown in the column "Estimate, 2003-2004" in Schedule 15. This Schedule also shows the assumptions used to estimate debt servicing costs for the fiscal year 2002-2003 and the actual levels achieved in that fiscal year. The column "Average, 2002-2003, Actual" shows the average actual level for the period from April 1, 2002 to March 31, 2003. The column "Actual, 31-Mar-2003" shows the actual level at 12:00 p.m. on March 31, 2003.

PROJECTED DEBT SERVICING COSTS

Schedule 16

($ millions)

	ESTIMATE 2002-2003	*FORECAST 2002-2003*	*ESTIMATE 2003-2004*	*ESTIMATE 2004-2005*	*ESTIMATE 2005-2006*	*ESTIMATE 2006-2007*
Gross Debt Servicing Costs	1,080.7	1,075.7	1,062.3	1,139.3	1,164.2	1,170.5
Less: Sinking Fund Earnings	(190.4)	(192.6)	(169.5)	(162.1)	(144.2)	(124.4)
Net Debt Servicing Costs	**890.3**	**883.1**	**892.8**	**977.2**	**1,020.0**	**1,046.1**

PROJECTED BORROWING REQUIREMENTS

Schedule 17

($ millions)

	ESTIMATE 2002-2003	*FORECAST 2002-2003*	*ESTIMATE 2003-2004*	*ESTIMATE 2004-2005*	*ESTIMATE 2005-2006*	*ESTIMATE 2006-2007*
Government Operations	(1.3)	(14.5)	(2.8)	---	---	---
Net Capital Advances	77.5	22.6	77.9	80.0	80.0	80.0
Net Tangible Capital Assets	101.7	99.3	120.8	90.8	80.8	70.8
Non-Budgetary Transactions	130.8	178.1	(132.0)	(172.9)	(205.9)	(233.1)
Cash Operating Requirements	**308.7**	**285.5**	**63.9**	**(2.1)**	**(45.1)**	**(82.3)**
Debt Retirement	**1,304.2**	**1,350.8**	**1,113.5**	**1,100.2**	**1,300.5**	**1,095.4**
Public Debt Retirement Fund Income (1)	45.6	55.0	47.2	29.2	11.4	---
Public Debt Retirement Fund Withdrawals	(475.0)	(446.0)	(492.4)	(492.4)	(492.4)	---
Net PDRF requirements	**(429.4)**	**(391.0)**	**(445.2)**	**(463.2)**	**(481.0)**	**—**
Sinking Fund Instalments (2)	239.1	239.1	63.0	63.6	63.6	63.6
Sinking Fund Income (1)	144.7	137.6	122.3	132.9	132.8	124.4
Sinking Fund Withdrawals	(481.1)	(505.0)	(320.0)	(275.0)	(375.0)	(250.0)
Net Sinking Fund Requirements	**(97.3)**	**(128.3)**	**(134.7)**	**(78.5)**	**(178.6)**	**(62.0)**
Total Requirements	**1,086.2**	**1,117.0**	**597.5**	**556.4**	**595.8**	**951.1**
Change in Short-Term Borrowing (Increase)/Decrease	**(350.0)**	**(185.0)**	**(165.0)**	**—**	**—**	**—**
Total Borrowing Requirements	**736.2**	**932.0**	**432.5**	**556.4**	**595.8**	**951.1**
Term Debt Borrowing (Proceeds):						
Euro Medium Term Notes		100.0				
Medium Term Notes		832.0				
Total - Term Debt Borrowing		**932.0**				

(1) - Sinking Fund and Public Retirement Fund income is included in the calculation of the provincial (surplus)/deficit but retained in the funds and therefore not available for consolidated fund operating activities. Thus it is shown as a borrowing requirement.

(2) - Sinking funds are required to be maintained for certain debt issues in accordance with debenture covenants Public Debt Retirement Funds are designed to help manage short term liquidity and pre-funding.

PROJECTED GROSS and NET DEBT

Schedule 18

($ millions)

	ACTUAL 2001-2002 (recast)	*FORECAST 2002-2003*	*ESTIMATE 2003-2004*	*ESTIMATE 2004-2005*	*ESTIMATE 2005-2006*	*ESTIMATE 2006-2007*
Gross Debt						
Opening Balance	**13,865.5**	**14,686.4**	**14,410.7**	**13,970.4**	**13,306.3**	**12,601.6**
Borrowing Program	2,740.2	932.0	432.5	556.4	595.8	951.1
Debt Retirement	(1,343.1)	(1,350.8)	(1,113.5)	(1,100.2)	(1,300.5)	(1,095.4)
Foreign Exchange (Gain)/Loss	7.6	(41.9)	75.7	(120.3)	---	---
Change in Other Unfunded Debt	(665.9)	185.0	165.0	---	---	---
P3 Leases	82.1	---	---	---	---	---
Closing Balance	**14,686.4**	**14,410.7**	**13,970.4**	**13,306.3**	**12,601.6**	**12,457.3**
Less: Public Debt Retirement Funds						
Opening Balance	**740.2**	**1,780.4**	**1,389.4**	**944.2**	**481.0**	**—**
Instalments	1,000.0	---	---	---	---	---
Earnings	40.2	55.0	47.2	29.2	11.4	---
Debt Retirement	---	(446.0)	(492.4)	(492.4)	(492.4)	---
Closing Balance	**1,780.4**	**1,389.4**	**944.2**	**481.0**	**—**	**—**
Less: Sinking Funds						
Opening Balance	**2,004.5**	**2,176.4**	**2,048.1**	**1,913.4**	**1,834.9**	**1,656.3**
Instalments and Serial Retirements	253.8	239.1	63.0	63.6	63.6	63.6
Earnings	149.4	137.6	122.3	132.9	132.8	124.4
Debt Retirement	(231.3)	(505.0)	(320.0)	(275.0)	(375.0)	(250.0)
Closing Balance	**2,176.4**	**2,048.1**	**1,913.4**	**1,834.9**	**1,656.3**	**1,594.3**
Net Debt	**10,729.6**	**10,973.2**	**11,112.8**	**10,990.4**	**10,945.3**	**10,863.0**

Gross Debt includes outstanding debentures, short term promissory notes net of related investments, debt associated with hospitals and public schools, and debt assumed for Teachers' Pension Fund, less on-lending to the Nova Scotia Municipal Finance Corporation.

PROJECTED CONSOLIDATED STATEMENT of NET DIRECT DEBT

Schedule 19

($ millions)

	ACTUAL 2001-2002	*FORECAST 2002-2003*	*ESTIMATE 2003-2004*	*ESTIMATE 2004-2005*	*ESTIMATE 2005-2006*	*ESTIMATE 2006-2007*
Opening Balance	**11,370.1**	**11,561.1**	**11,645.9**	**11,763.9**	**11,854.7**	**11,935.5**
Add (Deduct):						
Provincial (Surplus) Deficit	54.2	(14.5)	(2.8)	---	---	---
Increase (Decrease) in the Net Book Value of Tangible Capital Assets	136.8	99.3	120.8	90.8	80.8	70.8
Increase (Decrease) in Net Direct Debt	**191.0**	**84.8**	**118.0**	**90.8**	**80.8**	**70.8**
Closing Balance	**11,561.1**	**11,645.9**	**11,763.9**	**11,854.7**	**11,935.5**	**12,006.3**

Net Direct Debt

Net Direct Debt is the accumulated Provincial (Surpluses) Deficits plus the change in the Net Book Value of Tangible Capital Assets.

Nova Scotia: Let's Keep Growing

Budget Bulletin

Province supports Acadian celebrations

Halifax: April 3, 2003

Department of Tourism and Culture

The 350th anniversary of the Village of Pubnico and the 400th anniversary of French settlement in North America are just two of the many events taking place throughout Nova Scotia as part of the Acadian celebrations 2003–2005. The Nova Scotia government will dedicate $1,000,000 to promote these celebrations and to help generate economic opportunities for our Acadian communities and all of Nova Scotia.

A high-profile campaign around the Acadian celebrations will see increased media presence in the province's key tourism markets of Atlantic Canada, Ontario, Quebec, and New England. The campaign will involve television, print, direct-mail, e-marketing, and other media.

The objective is to ensure that Nova Scotia is positioned as the premiere destination for Acadian celebrations in the Maritime region.

The Department of Tourism and Culture continues to work with Acadian organizations and communities to prepare, promote, and support the celebrations. Total funding of $1,000,000 will be in addition to activities already under way. Those activities include the following:

- the addition of Le Village historique acadien de la Nouvelle-Écosse (the Historical Acadian Village of Nova Scotia) in West Pubnico as the newest member of the Nova Scotia Museum family
- hiring an Acadian Liaison Officer as a representative of Tourism and Culture to work with Acadian communities and organizations
- feature articles under the theme "The Tapestry of Acadie" in the 2003 edition of the *Doer's and Dreamer's Travel Guide*
- participation on the Acadie 2003–2005 Committee
- participation on the Joint Committee on Acadian Tourism under the Tourism Partnership Council.

Nova Scotians are proud of our rich Acadian heritage. The government is providing a clear indication of its commitment to support the Acadian celebrations. While this support will help attract visitors, it will also help promote the rich history of our Acadian culture.

Contact:

Tom Peck
Department of Tourism and Culture
(902) 424-1593

2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Capital spending for Nova Scotia priorities

Halifax: April 3, 2003

Department of Finance

Nova Scotia continues to invest in its priority capital* projects. The 2003–2004 capital budget of $250 million is an increase of $31 million, or 14.2 per cent, over the previous year.

Once again, investments in roads, bridges, ferries, land, and equipment are higher than the previous year, with a budget of $106.2 million, an increase of $16-million over 2002–2003. This includes an additional $11-million to complete a three-year, $31-million commitment to increase funding for road improvements.

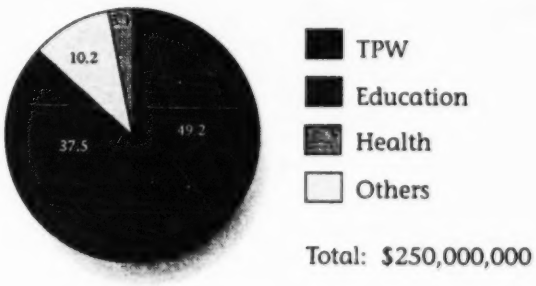
The Department of Transportation and Public Works will also spend $10 million to make capital improvements to provincially owned buildings across the province.

Capital spending in the Department of Education is also increasing to a total of $93.9 million, an increase of $3 million, or 3.3 per cent, over the previous year. This includes $62 million for 8 new schools, $18.5 million for additions and alterations to existing elementary and high schools, $9 million for expansion of the Nova Scotia Community College, and $4.6 million for school buses.

The province's 2003–2004 capital budget also includes $10.8 million for the Department of Justice (Yarmouth Correctional Centre and Port Hawkesbury Courthouse), $7.7 million for the Department of Health (ambulances and hospital information system)[1], and $5.5 million for the Department of Tourism and Culture (capital improvements to three resorts).

[1] Department of Health has a separate capital account of $30 million.

Capital Spending Requirements
(per cent)



Total: $250,000,000

***Note:**
Capital spending is for investments in long-term assets such as roads, buildings, property, plants, or equipment.
Operational spending is for annual government expenses such as programs, salaries, and administration.

Contact:

Linda Laffin
Department of Finance
(902) 424-8787

NOVA SCOTIA

Nova Scotia: Let's Keep Growing

Budget Bulletin

Better access to cardiac care

Halifax: April 3, 2003

Department of Health

Nova Scotians will soon have faster access to important cardiac tests and surgeries.

In 2003–2004, $5 million will be invested in the Capital Health cardiac program at the Queen Elizabeth II Health Sciences Centre (QEII) in Halifax. The funding will be used to hire more staff and purchase equipment for diagnostic tests and surgeries for cardiac patients from all across Nova Scotia.

Currently, most-urgent cardiac patients get surgery within three days, well within the seven-day national standard. However, patients who can go home to wait for surgery, with restrictions on their physical activities, are waiting longer than the nationally recommended time frames.

Don Ford, President and Chief Executive Officer of the Capital District Health Authority, said, "This investment will significantly reduce wait times and have lasting benefits for patients and their families."

More patients needing cardiac tests from other hospitals across the province will be transferred by Nova Scotia's air ambulance. This year, approximately $400,000 is being invested to get 150 to 200 to patients to the QEII more quickly. The trip by air is easier on patients and helps them to return to their local hospitals and their families more quickly.

These investments are the first steps in the province's strategy to reduce wait lists for tests and treatment in priority areas. The wait list strategy is outlined in *Your Health Matters*, the government's health plan.

Contact:

Donna MacDonald
Department of Health
(902) 424-3034

2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Community supports for adults

Halifax: April 3, 2003

Department of Community Services

The province has demonstrated its commitment to improving supports for Nova Scotians with intellectual disabilities and long-term mental illness by increasing the Community Supports for Adults budget by $12.8 million for 2003–2004. This new funding will help stabilize the system while a review process is under way.

Community Supports for Adults provides a wide range of services, including homes for special care, small option homes, supervised apartments, adult residential centres, regional rehabilitation centres, and adult service centres. In November 2002, the province launched a comprehensive review of this program, recognizing the need improve the way services are provided for people with intellectual disabilities and long-term mental illnesses. The goal of the review is to establish a standard level of quality, accessible, and flexible services across the province.

The province has already taken steps to improve services by introducing training standards for staff who provide care for clients. Several larger institutions have also been closed in favour of smaller community-based homes, meaning that clients can be closer to family and friends.

Through the review project, Community Services is working with clients, service providers, and other departments to create a program that meets the unique needs of our clients. The review is looking at all aspects of the current program, including access to services, assessment, licensing, information technology, funding, and legislation.

A community committee with advocacy, service provider, and client representation has been established to give input into the review. Staff have also met with interested organizations and have made several presentations about the project. Focus groups with clients, service providers, and advocacy groups are also planned.

All Nova Scotians are being asked to give their thoughts about these services and supports through the departmental Web site, <www.gov.ns.ca/coms>, and written submissions. Community feedback and information gathered through the review will result in a discussion paper that will be distributed widely for input later in 2003.

Contact:

Cathy MacIsaac
Department of Community Services
(902) 424-6283

2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Debt Management

Halifax: April 3, 2003

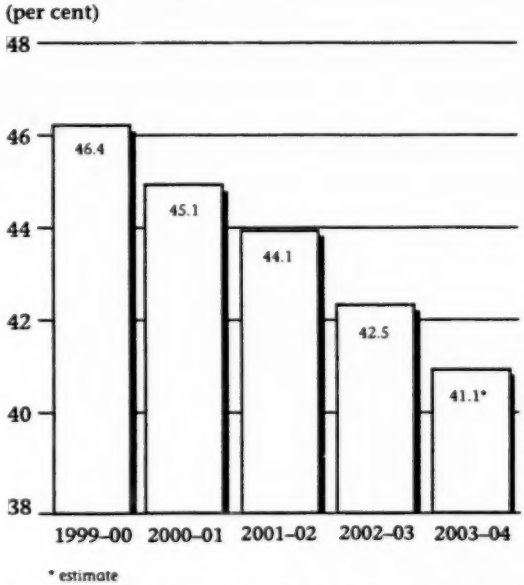
Department of Finance

Nova Scotia continues to make progress when it comes to managing our long-term debt. Two successive balanced budgets have put us on the right path. The release of A Balanced Approach to Surplus and Debt Management by the Department of Finance highlights our commitment to manage our debt appropriately, according to all generally accepted accounting principles.

In the past three years, as a result of carefully controlled spending and a growing economy, one of the most important economic indicators, which shows our net direct debt as a percentage of the province's overall economic activity, has improved. What this means is that the burden of debt carried by taxpayers is less onerous. We have a greater ability to repay our debt.

The ratio of net direct debt (NDD) to gross domestic product (GDP) has dropped from more than 46 per cent in 1999–2000, to an estimated 41.1 per cent for the fiscal year 2003–2004. It is progress. And it shows that the province's strategy of managing the debt is working.

Net Direct Debt to Gross Domestic Product Ratio 1999–00 to 2003–04



* estimate

While the ratio of net direct debt to overall economic activity continues to decline, the actual debt will increase in 2003–2004, to $11.8 billion, because we continue to borrow to build new schools, and improve highways. These are assets that will provide real benefits to Nova Scotians for years to come.

The cost of servicing the province's debt will increase to $893 million in 2003–2004, from $883 million last year.

Contact:

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Department of Finance
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2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Frequently Asked Questions About the Taxpayer Refund Program

Halifax: April 3, 2003

Department of Finance

Do I have to apply for this payment?

No. If you filed your income tax return for the year 2001, 2002, met the residency requirement and you paid $1 or more in provincial income tax in any of those years, you will automatically receive the one-time payment of $155. If you don't meet these requirements but file and pay provincial income taxes in 2003, you will receive your refund in 2004.

Who is eligible to receive the payment?

In general, any Nova Scotia resident who filed their personal tax return in a qualifying year, was assessed by Canada Customs and Revenue Agency, paid provincial tax that year, and had a valid Nova Scotia home address at the time of processing. Businesses are not eligible.

When will the cheques be mailed?

If you are eligible for 2001 or filed and had a 2002 return assessed by May 1, 2003, your cheque will be mailed in mid to late June 2003. Other 2002 returns will be processed later in 2003 or early in 2004. 2003 refunds will be processed in 2004.

What if I haven't filed a tax return for 2001 or 2002?

2001 returns must have been assessed by December 31, 2002. You have until December 31, 2003 to file and have your 2002 tax return assessed to be eligible for a payment during 2003. You have until December 31, 2004 to file and have your 2003 tax return assessed to be eligible for payment in 2004.

If I paid tax in all three years, does it mean I get three cheques?

No, this is a one-time payment only. We expect the vast majority of Nova Scotia taxpayers to be covered by the 2001 return.

I've moved to a new address since then. What do I do?

Call toll-free 1-866-413-8183 (in metro, 424-2502) for more information.

Do I have to declare the payment as income or a taxable benefit the next time I do my taxes?

No, you will not pay tax on this payment.

If I'm on income assistance, will my regular payment be clawed back?

No.

Are there any people who might not be eligible, even if they paid tax in 2001 or 2002 or will in 2003?

There may be people who did not have a valid Nova Scotia home address as of a specific effective date, residents of other provinces or territories who paid Nova Scotia income tax, or non-Canadians who paid tax while commuting here to work.

Where can I get more detailed information?

You can call toll-free at 1-866-413-8183 or 424-2502 in metro Halifax. You can also find information on the Nova Scotia government web site at www.gov.ns.ca

Contact:
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NOVA SCOTIA

Nova Scotia: Let's Keep Growing

Budget Bulletin

Reducing foreign-held debt

Halifax: April 3, 2003

Department of Finance

The Department of Finance has achieved a significant goal in reducing the province's foreign currency exposure to 20 per cent—18 months ahead of schedule. This means that the province's finances are less vulnerable to sudden or dramatic changes in foreign currency markets.

The province has carried significant foreign currency exposure in its debt portfolio. It borrowed significant amounts in American, Japanese, and Swiss currencies in the 1980s and early 1990s. By March 31, 1995, the province's foreign exchange exposure stood at 72 per cent.

The Nova Scotia Provincial Finance Act requires that the province reduce its foreign currency exposure to less than 20 per cent and that all maturities of greater than one year are refinanced in net Canadian dollars. The government went a step further by announcing in the 1999 budget that all foreign currency debt coming due for a term exceeding one year will be refinanced in Canadian dollars or on a fully hedged basis. ("Hedging" is a financial transaction used as a protective measure. It can reduce the risk of price fluctuations of a security.)

The Department of Finance originally estimated that it would meet the 20 per cent foreign currency exposure target no later than mid-2004, but that goal was actually reached by March 31, 2003.

Our remaining foreign currency debt is in US dollars.

Contact:

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2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Investing in our students

Halifax: April 3, 2003

Department of Education

$5.1 million for student debt reduction

$6 million more for universities

A post-secondary education is becoming increasingly important for Nova Scotians' success in the job market and our province's success in the global economy. It's also becoming increasingly expensive.

In response, government has given universities an extra $6 million in the 2002–2003 fiscal year. The increase will be included in the base funding for universities in 2004–2005. It will help maintain quality programs for students and keep tuition increases to a minimum.

A new $5.1-million student debt-reduction program will help post-secondary students manage their debt. The program is designed to be flexible for the many ways in which students complete their post-secondary education. It aims to help the greatest number of students possible with the resources we have.

While half of our students have their own means of financing their post-secondary education, there are 18,000 students each year who receive Canada Student Loans.

About 9,800 of these students also receive Nova Scotia Student Loans. These are the students who are in greatest need of financial assistance. They are also the students who have higher debt loads upon graduation.

The amount of debt reduction each student receives through the new program will depend on many variables, including program length, successful completion of courses, the number of years the student had loans, and the number of years he or she took to complete the degree or diploma.

All students who receive Nova Scotia Student Loans in the academic year beginning August 1, 2003, study in Canada, and successfully complete full-time course loads will be eligible for debt reduction. They will apply for assistance through the new program after they have graduated. The money will be paid directly to the bank and applied to the student's debt.

Students can get loans for each year of their programs, plus one extra year. For example, a student can get a maximum of five years of loans for a four-year university degree.

The amount of debt reduction will change for each year of loan. For example, if a university student has loans and studies for four years, she will receive 15 per cent of debt reduction for the first year, 25 per cent for the second, 35 per cent for the third, and 45 per cent for the fourth. If she studies for another year and has a loan, she will get 15 per cent for that fifth year.

The loan years need not be consecutive, but they must be within a certain time period for students to get the full benefit of the program. For example, debt reduction will be given for loans only within the seven-year period immediately preceding graduation from a four-year university degree.

Incentives have been built into the program to encourage graduates to work in Nova Scotia and repay their loans in a timely fashion. Students who work in Nova Scotia for 50 weeks within three years of graduation will be eligible for a bonus of 25 per cent of their debt reduction. Students who make 12 loan payments within three years of graduation will get an extra 10 per cent.

Community college and private career college students will also be eligible for assistance, following similar criteria based on different program lengths. More information is available at <http://studentloans.ednet.ns.ca>.

Contact:

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Department of Education
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Nova Scotia: Let's Keep Growing

Budget Bulletin

Improving legal aid and restorative justice

Halifax: April 3, 2003

Department of Justice

Nova Scotians who need, but can't afford, a lawyer will benefit from an additional $3 million in provincial funding for Nova Scotia Legal Aid.

The additional funding will be used to cover higher salary and operating costs and to hire solicitors and support staff required to meet increased demand. The increased demand for services has presented many challenges, largely due to federal funding cutbacks. Since 1996, federal contributions to legal aid have decreased by $48,500. During that same time period, the Province of Nova Scotia has increased its contribution by $3.8 million for criminal legal aid. Another $1.4 million was provided during that time period for civil matters.

Nova Scotia Legal Aid delivers most of its services from a network of community-based law offices. Offices are staffed and managed by employees of Nova Scotia Legal Aid. In certain situations, the services of private lawyers are acquired on a fee-for-service basis.

Restorative justice: Holding offenders accountable, repairing the harm done

The Nova Scotia Restorative Justice program began in 1999 in four areas of the province and now operates province-wide. Since its inception, the program has responded to more than 4,100 referrals from police, Crown attorneys, courts, and correctional services.

To ensure that community-based agencies can respond effectively to any increased demands as a result of the new federal Youth Criminal Justice Act, an additional $1,000,000 will be provided by the province.

Restorative justice is delivered to youth through a partnership between the Department of Justice and a network of eight community justice agencies.

Contact:

Michele McKinnon
Department of Justice
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2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Nova Scotia Power payment to municipalities increased

Halifax: April 3, 2003

Service Nova Scotia and Municipal Relations

Payments by Nova Scotia Power (NSP) to municipalities will increase by $4.6 million in 2003–2004 to a total of $31 million annually. Of the increased payments, $1.8 million will be paid to municipalities that are home to major NSP properties and $2.8 million will be used to fund municipal equalization.

The province wanted to ensure that municipalities did not lose any revenue through the equalization program, an important source of revenue for many municipalities. By using part of the NSP increase to offset the provincial reduction, the province is ensuring that municipalities receive no less through equalization in 2003–2004 than they did in the previous year.

Of the $1.8 million to be paid to municipalities with major NSP properties, Cape Breton Regional Municipality will receive $704,000, Queens $455,000, Trenton $267,000, and Annapolis Royal $200,000. The remainder will be split among Annapolis (county), Antigonish (town), Canso, Digby (county), Kentville, Mahone Bay, and Yarmouth (county).

The increased payments will be in effect as of January 2004 and will not impact the company's 2003 bottom line, which ends December 31.

The increased payments from NSP are not expected to result in any power rate increases as the company had projected a $31-million municipal tax bill for 2003 in last year's rate application to the Utility and Review Board.

Municipalities will pay more for their share of educating Nova Scotia students but will continue to pay among the lowest municipal share of education costs in Canada.

The rate used to calculate the municipal contribution has not increased from the previous year.

Contact:

Municipal equalization: David MacNeil, 424-6336
Education funding: Sue McKeage, 424-8286

2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Pension Plan Accounting

Halifax: April 3, 2003

Department of Finance

The international downturn in financial markets affected the Public Service Superannuation Plan (PSSP) and the Teachers' Pension Plan (TPP) in 2002. While the market downturn had an effect on public and private investments, the province's plans are secure and well managed. The PSSP is regarded as one of the best-funded public service plans in Canada.

There are two methods for valuing pension plan assets—the fair market value and the smoothed market value. Both are in accordance with generally accepted accounting principles as prescribed by the Public Sector Accounting Board. The government has adopted the smoothed market value method. The smoothing method allows for gains or losses to be taken into the asset value over five years in equal amounts. This is a responsible approach and alleviates the effects of wide market fluctuations that may never be realized in the long term. Smoothing provides more stability in the budget process for pension-related expenses.

While the market downturn will have a short-term impact on pension plans, the accounting for these events recognizes the long-term nature of pension plans.

Total pension-related costs have increased debt-servicing charges by $81 million for 2003–2004.

In keeping with the province's accrual accounting policies, the Pension Valuation Adjustment (PVA) credit for 2003–2004 is budgeted to be a credit of $13.6 million.

The province's pension plans have significant assets to meet their cash-flow obligations: PSSP has $2.6 billion in assets with an annual pension payout of $152 million; TPP has assets of $3.2 billion with an annual pension payout of $214 million.

Contact:

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2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Investing in our roads, bridges, and ferries

Halifax: April 3, 2003

Department of Transportation and Public Works

For the fourth consecutive year, the province is increasing its capital investment in roads, bridges, and ferries across Nova Scotia, with $106.2 million, an increase of $16 million over the previous year.

The province will continue to dedicate all funds raised by last year's two-cent-per-litre tax increase to capital road construction. We estimate that this will generate approximately $25 million this year to reinvest in safer, better roads throughout Nova Scotia.

Transportation is one of the keys to economic prosperity and community development in Nova Scotia. A strong transportation network sets the stage for the safe movement of people and goods. It also supports regional, national, and international trade.

Benefits from this year's capital program will be seen across the province. For example: a new bridge in Margaree Harbour, a repaving project on Highway 103 in Shelburne County, and the strengthening of Trunk 7 along the Eastern Shore. With an eye to the future, the province will continue to purchase land required for new highway improvements.

Steel-truss bridges will also receive more attention with a dedicated $4 million in capital funds for 2003–2004. The province will soon announce details of a steel-truss bridge renewal program to repair or replace many of our older bridges. One of the ferries in the provincial fleet—the Joshua Slocum—will be replaced.

There is also money for maintenance, especially on local roads. The Road Improvement Money program (former Rural Impact Mitigation program) will invest $10 million in rural roads across the province. This will mean improved road shoulders and ditches, as well as asphalt patching and gravel upgrading.

Contact:

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Nova Scotia: Let's Keep Growing

Budget Bulletin

Safe, healthy drinking water

Halifax: April 3, 2003

Department of Environment and Labour

The province is taking further steps to help protect our drinking water. Through the provincial Drinking Water Strategy, $800,000 will be spent in 2003–2004 to manage the resource.

The government is working with municipalities to complete reports that will identify any areas where systems need improvement. Through Service Nova Scotia and Municipal Relations, the province is making an estimated $500,000 available to help the municipalities that qualify to complete these reports.

Since October 2000, the province has made many investments in drinking water. This year $700,000 will fund 14 staff who have expertise in water issues, including four hydrogeologists and four inspectors.

The department will spend an additional $100,000 this year to develop public outreach information for municipal and registered public water systems. Activities will include the creation of a handbook for municipal operators, public education materials for homeowners who drink well water, and training for water supply operators and staff.

Contact:

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Nova Scotia: Let's Keep Growing

Budget Bulletin

Safety and security for Nova Scotians

Halifax: April 3, 2003

Department of Environment and Labour

Each one of us has seen the world change dramatically since September 11, 2001. Here in Nova Scotia, we are fortunate to have trained professionals who respond to critical events involving hazardous materials or other dangers. We have an obligation to support emergency responders as they work to protect our families and our critical infrastructure.

The Office of the Fire Marshal is investing $190,000 to train and equip first responders who deal with hazardous materials.

Another $71,000 has been committed by the Emergency Measures Organization to hire a critical infrastructure coordinator.

In September 2003, the government will have a plan in place to implement national standards training for emergency response teams. This will include firefighters from stations across the province.

One of the most important benefits of these initiatives is security in knowing that trained professionals are able to act as quickly and efficiently as possible in the event of a hazardous materials emergency. It is important that crisis response teams and all levels of government are on the same page and agree on the protocols for responding to critical events.

This training complements a recent federal investment of $566,000 for specialized equipment worn by first responders so they can be as safe as possible when dealing with hazardous materials.

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2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

$33 million more to enhance seniors' programs

Halifax: April 3, 2003

Department of Health

In 2003–2004, an additional $33.1 million will be invested to protect the quality of nursing home and home care, expand access to home care, and make nursing homes and drugs more affordable for seniors.

The long-term care budget will increase by $18.1 million to a total of $222.5 million in 2003–2004. Of that amount, $8.5 million is being invested to continue government's efforts to reduce the costs of nursing homes for seniors; and $9.6 million is being invested to meet increasing costs and protect the quality of care for seniors.

The budget contains $9.7 million to meet government's commitment to freeze the premium and co-pay within the senior's Pharmacare program. As well, the co-pay will be capped at a maximum of $30 per prescription. This means that seniors will continue to pay 33 per cent of individual prescription costs, but to a maximum of $30 per prescription. For example, seniors now pay $49.50 for a prescription that costs $150. Starting on April 1, they will only pay $30.

The home care budget is increasing by $5.3 million to a total of $126.6 million in 2003–2004. This includes a $2.4-million increase for services provided by VON and home support services. As well, $1.1 million is being invested to address the existing wait list for home care services.

Your Health Matters, released in March, identified these priority areas. Consultation will soon get under way on the full range of services that should be available to seniors to help them maintain their independence and stay close to home.

Contact:

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2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Tax measures

Halifax: April 3, 2003

Department of Finance

Higher threshold for small business tax rate

Small businesses in Nova Scotia will have more room to earn taxable income before moving to a higher tax rate.

Effective the 2003 taxation year, the limit under which the small business tax rate (5 per cent) applies will be increased to $225,000. The limit will be increased for each of the next three years and by 2006 will be $300,000.

This measure could save a qualifying small business as much as $2,750 in 2003 and once fully implemented could save that business as much as $11,000. The small business rate currently applies to the first $200,000 of taxable income of an active business. When taxable income exceeds $200,000, the tax rate rises to 16 per cent. Extending the threshold to $225,000 brings the province in line with the federal limit. This measure applies to Canadian-controlled private corporations in the same manner as the federal small business deduction.

Three-year extension for Equity Tax Credit and Community Economic Development Investment Fund program

The Equity Tax Credit will be extended three years to December 31, 2006, and the individual investment limit will be increased to $50,000, up from the current limit of $30,000 annually. The credit encourages Nova Scotians to invest in small and medium-sized corporations and co-operatives by offering a 30 per cent non-refundable provincial tax credit on qualified investments. In addition to meeting eligibility criteria, businesses must also comply with the Securities Act.

A Community Economic Development Investment Fund (CEDIF) is granted an exemption under the Securities Act, which enables the community-focused fund to solicit the public to purchase shares and raise more capital. These shares also automatically qualify for Registered Retirement Savings Plans and increase the allowable foreign-content holdings limit within an RRSP.

Since 1994, the two programs have helped more than 300 diversified businesses throughout the province raise in excess of $54 million from more than 5,000 investors. These businesses create meaningful jobs and generate new tax revenues that help provide better schools, improved roads, and important health-care services to Nova Scotians.

In addition to the three-year extension to December 31, 2006 and the increase in the annual limit, other administrative changes include

- relief from mandatory annual report filing for private companies
- discretionary relief on the four-year hold period for investors
- refundable penalties for Community Economic Development Investment Funds that do not meet investment of proceeds requirements
- making the Community Economic Development Investment Fund 20 per cent conditional on the fund's meeting the requirements of the act.

One-year extension to Labour Sponsored Venture Capital Corporation tax credit

The Labour Sponsored Venture Capital Corporation (LSVCC) tax credit will be extended one year to December 31, 2004. The credit is a combined provincial and federal non-refundable 30 per cent tax credit on investments in the funds. The funds in turn must invest a percentage of the proceeds in Nova Scotia businesses.

There are currently seven Labour Sponsored Venture Capital Corporations offering funds in Nova Scotia. Among the changes:

- Limits have been placed on the funds' investments in pubic companies.
- Credits on investment rollovers have been eliminated.
- Investment requirements now flow through to businesses invested in by the LSVCC.

During this one-year extension, the province will continue to look for new ways to help small and medium-sized businesses find the money they need to grow and expand.

Large Corporations Tax Extended

The Large Corporations Capital Tax will be extended another two years to March 31, 2006. This tax applies to about 1,040 of the largest of Nova Scotia's 24,000 corporations. The tax is levied on taxable paid-up capital in excess of $5 million, with a special phase-in for companies between $5 million and $10 million.

Tax Credit for Caregivers

Effective this year, the maximum amount of tax relief available to Nova Scotians who provide care for sick or injured family members has been increased from $223 to $408, an increase of 75 per cent.

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2003 2004

Nova Scotia: Let's Keep Growing

Budget Bulletin

Tax relief for Nova Scotians

Halifax: April 3, 2003

Department of Finance

Lower personal income taxes for a stronger economy

Nova Scotian taxpayers will save an estimated $147 million in 2004 because of lower personal tax rates announced in the 2003-2004 budget and will save an estimated $68 million from a one- time tax rebate of $155 in 2003 that will be mailed out beginning this June. The refund will ensure that tax reductions make it to the hands of individual Nova Scotians as soon as possible. The lower tax rates also mean more than 3,500 Nova Scotians will no longer pay provincial income taxes.

Tax relief is an important part of the government's plan to make Nova Scotia a more attractive place to live and work.

Effective January 1, the tax rates for all three brackets will be reduced, with the largest percentage rate reduction coming in the lowest bracket. That rate will be reduced from its current 9.77% of taxable income to 8.79%. The middle bracket will be lowered from 14.95% to 13.58% and the highest bracket will be reduced from 16.67% to 15.17%. Collectively, these tax reductions amount to a 10% reduction in total provincial personal income tax revenues.

Taxable Income	Current Rate	New Rate	% Decrease
$0 to $29,590	9.77%	8.79%	10.0
$29, 591 to $59,180	14.95%	13.58%	9.2
Over $59,180	16.67%	15.17%	9.0

The reductions[1] mean that a family of 4 with a single wage earner making $40,000 will save an estimated $276 over what they will pay in 2003. A single individual making $20,000 will save about $113 over 2003 while a family of 4 earning $60,000 will save about $551 over 2003.

These new rates will once again give Nova Scotia the lowest statutory rates in Atlantic Canada and improve our competitive position within the rest of the country.

The one-time rebate of $155 per taxpayer will be delivered to residents of Nova Scotia who paid Nova Scotia tax in 2001, 2002 or will pay income tax in 2003. Payments will be administered by the Canada Customs and Revenue Agency with the first payments expected to be mailed beginning in June.

[1]These estimates are based on sole wage earners who claim only the Basic Personal Amount, CPP and EI non-refundable credits and Spousal Amount where there is a non-working spouse or equivalent-to-spouse.

Contact:

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NOVA SCOTIA

Nova Scotia: Let's Keep Growing

Budget Background

Child care and early learning

Halifax: April 3, 2003

Department of Community Services

Children across Nova Scotia and their families are benefitting from significant improvements in early childhood services since the launch of the Early Childhood Development Initiative in 2000.

As part of this five-year federal/provincial initiative, the province will invest more than $3.7 million this year to strengthen the foundation for early childhood development in Nova Scotia. This has led to new and expanded services that help our children grow up healthy, happy, and secure.

The province's plan to improve child care started with a major investment in the staff who deliver these vital services. So far, close to $7 million has been provided to recruit and retain qualified staff in centres across the province. A further $1 million in grants will help early childhood training institutions create new professional development opportunities.

Three hundred and twenty-five new full-day spaces and 74 part-day spaces have been created through new child-care start-up and expansion grants. Low- and moderate-income families have benefitted from 200 new subsidized portable childcare spaces, which parents can "take with them" if they move to another area of the province. There are now more than 2,650 subsidized seats in communities across Nova Scotia. This summer, the province will announce that more subsidized spaces will be made available.

Parents are also being supported in finding quality child care in their communities. A total of $450,000 has been provided to create child-care resource and referral centres that give parents new resources to access local caregivers and information to help them find quality child care. An additional $750,000 has been directed to programs and training initiatives that enhance opportunities for children with special needs to access licensed child care. We are also investing $500,000 to help children who have language challenges, through the introduction of an early language and learning program in Nova Scotia communities.

In March 2003, Nova Scotia and the federal government agreed to a five-year funding framework that will provide new funding for provincially regulated child-care programs and services. The new framework also gives us flexibility to make sure we address local needs and priorities.

Contact:

Cathy MacIsaac
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2003 2004

Nova Scotia: Let's Keep Growing

Budget Background

More money for doctors, nurses, and patient care

Halifax: April 3, 2003

Department of Health

Funding to support doctors, nurses, health staff, and patient care will increase by $119 million in 2003–2004.

Of this amount, $42.9 million will support hospital programs, staff salary increases, and new staff to reduce wait times for tests and treatment. The $42.9 million breakdown includes

- more than $19 million as the first instalment in government's three-year funding plan for hospital care
- more than $13 million for salary increases for health professionals in the district health authorities
- $10 million to shorten wait lists in the provincial cardiac program; staff to operate new dialysis equipment, a bone densitometer, and MRI machines; and staff at the new hospital in Amherst

Also within the $119 million, $29.3 million will fund contract increases for doctors, additional doctors now working in Nova Scotia, and an increase in physician services.

Approximately $2 million will be provided in 2003–2004 for training more nurses and doctors and for bursaries for paramedics and medical laboratory technologists.

Capital funding will be available to support hospital renovations valued at $30 million in 2003–2004. The project list is now being finalized.

Contact:

Donna MacDonald
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Nova Scotia: Let's Keep Growing

Budget Background

Drought relief and fisheries enforcement

Halifax: April 3, 2003

Department of Agriculture and Fisheries

The Nova Scotia government will continue to address important issues facing farmers and fishermen.

Last year the province contributed matching funding to a $600-million national program that addressed the serious drought conditions from 1997 to 2001. Funds were used to help producers invest in business risk management programs. Nova Scotia provided $2.5 million. This worked out to an average total payment of $5,150 to each of the 1,204 Nova Scotian participants in the National Income Stabilization Account.

Important work is also going on to help manage water use on farms. Activities include watershed clubs, manure guidelines, environmental farm plans, and continued co-operation with agencies such as the Nova Scotia Federation of Agriculture and Clean Nova Scotia and other government departments.

In the fishing industry, the province plays a key role when it comes to reducing illegal fishing activities.

The number of fisheries inspectors and investigators has been increased to seven, covering Yarmouth, Baddeck, Pictou, Halifax, and Digby. In addition, agreements have been signed with federal departments that allow their staff to perform similar duties, which increases the presence of enforcement officers on the ground and at the wharf.

The province will continue to work closely with Fisheries and Oceans Canada, the Canada Customs and Revenue Agency, the Canadian Food Inspection Agency, and industry organizations to fight illegal trade in fish and fish products. We are committed to protecting the legitimate livelihood of the many Nova Scotians who make their living from the sea.

Contact:

Natalie Webster
Department of Agriculture and Fisheries
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2003 2004

Nova Scotia: Let's Keep Growing

Budget Background

Learning for life—planning for student success

Halifax: April 3, 2003

Department of Education

The Department of Education will continue to implement its Learning for Life plan in 2003–2004. Learning for Life was first introduced in September 2002 to help students succeed in school and to reach their full potential.

This year, the focus will be on reducing class sizes, providing more support for students with special needs, supporting quality teaching, and increasing student testing and reporting to parents. Reading, writing, and mathematics will continue to be a priority.

The early years

We will invest $2.5 million to reduce class sizes in 2003–2004. Smaller class sizes will allow teachers to spend more time with more students. There will be no more than 25 students in grades primary and 1 as of September 2004. By 2005, we will expand this initiative to children in grade 2.

Basics first—reading, writing, and mathematics

The Time to Learn Strategy will continue to ensure that children spend more class time learning the basics. There are new time requirements for mathematics and language arts for grades primary to 6. New minimum time requirements for mathematics and language arts in grades 7 and 8 will be implemented in September 2004. In grades 10 to 12, new course options will see more time (220 hours) devoted to learning mathematics.

The Active Young Readers/Jeunes lecteurs actifs program will continue next year to give teachers the resources and support they need to help students improve their reading. The Active Readers initiative will expand to include grade 8. The Writers in Action initiative will expand to grade 5. Spelling will be a key focus in 2003–2004.

The department will continue to support school boards and schools in implementing the Mathematics Strategy. This strategy includes giving teachers trained to be school-based math leaders more time to help others teach the new math curriculum. Implementation of the Atlantic Canada Science Curriculum will continue in grades primary to 2. Resources will be provided to help teachers connect science learning to literacy, mathematics, and other program areas.

Success for all students

An investment of $1 million will be made this year to support at least one pilot project in each school board for special needs students. The pilots will help identify the most effective ways to increase individual attention and support for children with special needs. Parents and teachers will be consulted as part of the overall initiative.

An investment of $50,000 in professional development and resources will help students with technology in the classroom. More than $800,000 will be used to hire more resource teachers, speech language pathologists, and other professionals to help students with special needs. Additional staff will be hired to help grade 1 students improve their reading and writing through Reading Recovery.

An increase of $300,000 will go to hire 10 student support workers. The support workers will be a link between home and school for African Nova Scotian students. The department will spend $150,000 for school boards to hire race relation coordinators.

All Acadian communities are now offering French education from primary to grade 12. This year the Conseil scolaire acadien provincial will be consulted on ways to improve French education in Nova Scotia.

Informed, involved parents

There will be an increase of $300,000 for student testing/assessment and evaluation. The increase will help to support grade 12 math and grade 6 literacy assessments. A Minister's Report to Parents will be released in 2004 to show how our students are progressing. Individual student results will be available for the first time starting with grade 6 literacy. The results will be used to identify students who need more support.

Work will continue on the production of a new Standard Report Card to Parents to ensure that parents have a solid understanding of their children's achievements. There will be consultations with pilot schools, parents, and other partners to evaluate the new report cards and the reporting system.

Safe schools, healthy students

About $62 million is being invested to build 8 new schools. Details will be announced at a later date.

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Nova Scotia: Let's Keep Growing

Budget Background

Employment support—helping Nova Scotians return to work

Halifax: April 3, 2003

Department of Community Services

Nova Scotians are achieving their goals and returning to work through enhanced Employment Support services offered by the Department of Community Services. In 2003–2004 the department will continue its investments in this area. Significant progress has been made. In the last four years, the number of people on income assistance has steadily declined, from 42,000 to 33,000.

This year, 3,500 income assistance recipients will successfully make the transition to work through programs that encourage and empower them as they move toward employability and increased self-sufficiency. Each year more than 10,000 clients participate in employment supports such as career development services, training programs, and job opportunities.

Employment Support staff work with each client to create an employment action plan that helps him or her move to self-sufficiency, while encouraging clients to participate in lifelong learning. Services include the following:

- **Personal Development**
  - life skills, self-esteem workshops, and budgeting
- **Job Preparation and Employment Supports**
  - job development, resumé preparation, workshops, employment referrals, and on-the-job placements
- **Entrepreneurship Program**
  - a unique pilot project created with three Community Business Development Corporations that provides clients with opportunities to create their own business, helping them become more self-sufficient while contributing to their local economies
- **Skills Development**
  - skill-specific training, placements, and short-term courses such as WHMIS (Workplace Hazardous Materials Information System), first aid, computer programs, and the Educate to Work Program through the Nova Scotia Community College
- **Career Development**
  - career counselling, vocational assessments, and employment action and learning plans
- **Office and Technology Supports**
  - Internet access, telephone service, photocopy and mail service, clerical services, and computer access
- **Literacy/Academic Upgrading Programs**
  - Nova Scotia School for Adult Learning, community-based upgrading programs, workplace literacy services, and tutoring services
- **Financial and Other Supports**
  - financial supports that clients need to carry out their employment action plans, including basic needs such as housing
  - child-care assistance that is more flexible than ever for parents receiving income assistance

- transportation allowances to help clients get to education, training, and employment
- coverage of prescription drugs for one year after the recipient leaves the system for employment

Community development activity

Healthy and sustainable communities have healthy people who live, work, and participate in community life. Specific programs have been developed to ensure that recipients of income assistance benefit from community development. These include a partnership with the Nova Scotia Co-operative Council to help income assistance recipients develop and run successful co-operatives; partnerships with the 13 regional development authorities, which coordinate community economic development in their areas; and the Halifax Inner City Initiative, which is supporting the development of an inner-city neighbourhood in collaboration with residents, organizations, and community agencies.

Other employment supports include

- Employment Assistance for Persons with Disabilities (EAPD)
- work activity programs
- assessment services
- career counselling
- Job Search Centres
- Summer Youth Initiatives
- referrals to a large network of community-based service providers

By offering a wide range of employment supports, the government is helping Nova Scotians find new ways to reduce barriers to work, improve their education and employments skills, and reach their personal goals in their home communities.

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Nova Scotia: Let's Keep Growing

Budget Background

Energy—putting strategy into action

Halifax: April 3, 2003

Department of Energy

Nova Scotians are excited about energy and its contribution to our future economic prosperity.

Last year, the government fulfilled one of its energy strategy commitments by creating a new Department of Energy and appointing a full-time deputy minister. The new department, a merger of the former Petroleum Directorate and the energy utilization division of the Department of Natural Resources, is beginning its first full year of operation.

Encouraging exploration

We know that the key to the development of this industry is to encourage exploration—it's a simple fact that exploration leads to more discoveries, development and production. We have the potential for as much as 40 trillion cubic feet of natural gas, and we have $1.56 billion in work commitments. To maintain that interest and build our momentum in offshore exploration and development, our number one priority must be to improve the regulatory process.

The Department of Energy will continue to play a lead role in the working groups established in November 2002 as part of the Atlantic Energy Roundtable on Regulatory Efficiency and Industrial Benefits. In co-operation with the Canada–Nova Scotia Offshore Petroleum Board, the National Energy Board, the Government of Newfoundland and Labrador, and Natural Resources Canada, we will continue to consult with petroleum producers and support industries in order to set priorities in this area. In addition, we will continue to improve our own laws through offshore occupational health and safety legislation and a new Energy Act in 2003–2004.

Economic opportunities

The offshore oil and gas sector continues to be an internationally competitive industry. The Department of Energy will present technical papers on Nova Scotia's oil and gas potential at conferences and prospect exchanges and lead provincial delegations to major offshore trade shows in Aberdeen, Houston, and Calgary to promote the province as an oil and gas investment opportunity. This effort supports the top priority of the energy strategy—to encourage further oil and gas exploration.

The technology required to explore and develop oil and gas resources in deep water is significantly different than that employed in the shallower water of the Scotian Shelf. The Department of Energy will assess the opportunities presented by this technology in the areas of research, development, fabrication, construction and employment.

Training and development

Nova Scotians must be ready to take advantage of employment opportunities from offshore activity. To ensure that Nova Scotians have the tools they need to participate in the opportunities in the oil and gas industry, the Department of Energy will undertake initiatives to study relevant labour market information, provide energy-sector information to secondary schools, and leverage private-sector energy co-op or summer work terms for post-secondary students. We will work closely with industry and post-secondary institutions to help ensure that students receive the skills and training necessary for employment, and we will hold a private/public-sector energy skills forum to identify solutions to major labour issues projected for the sector in the next 5 to 10 years.

Gas distribution

Now that the Utility and Review Board (UARB) has issued a gas distribution franchise to Heritage Gas and a conditional approval to Strait Area Gas, natural gas will soon be a reality for Nova Scotians living in franchise areas. Heritage Gas will be required to obtain subsequent approvals for the installation of pipe, operation of their distribution system, and their tolls and tariffs. The Department of Energy will be active in UARB proceedings to help ensure the early development of a distribution system, in a manner that meets the goals of the Energy Strategy.

Responding to climate change

The province will continue to be active as part of the national process to determine burden sharing and provincial obligations following ratification of the Kyoto Protocol. It is important to maintain competitiveness for Nova Scotia's industry and to recognize the actions that have already been taken to reduce emissions. In the meantime, the Department of Energy will continue to implement its Climate Change Strategy in order to meet national obligations.

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Nova Scotia: Let's Keep Growing

Budget Background

Supporting health and wellness

Halifax: April 3, 2003

Office of Health Promotion

The priority of the Office of Health promotion in the first year will be to work with its many community and government partners to develop a vision, mission, and plan. This will further support government's investments in health promotion, such as three-year commitments of $2.4 million to Active Kids, Healthy Kids and $425,000 for the Sport Futures Leadership Program to help children and youth become more physically active.

While the initial focus of the office is to develop a plan and focus ongoing efforts, the budget contains $600,000 more for new or enhanced health promotion programs, which includes $250,000 more for the tobacco strategy. That brings the total annual budget for the tobacco strategy to $1.75 million. The strategy, which includes smoke-free places legislation, tobacco tax increases, public education, support for people trying to quit, and youth programs, is making a difference. We've seen dramatic decreases in both the overall and teen smoking rates.

Over the next year, the Office of Health Promotion will work with a variety of stakeholders to develop a chronic disease prevention strategy for Nova Scotia.

Recent health studies show that Nova Scotia has some of the highest rates of chronic illness, such as cancer, diabetes, and heart disease, in the country, costing taxpayers $3 billion annually in medical costs and lost productivity. Even more important than the financial cost is the impact on the quality of life of many Nova Scotians.

While these statistics give us a snapshot of our current health, others give us a glimpse into the future. We know, for example, that most young people today are not physically active enough to benefit their health, and that many may be headed for a lifetime of health-related problems.

The good news is that much of this is preventable and Nova Scotia is taking proactive steps to help Nova Scotians live longer, healthier, more productive lives. Last December, the Premier created the Office of Health Promotion to bring a cabinet-level voice to the long-term health and well-being of Nova Scotians.

With a base budget of $14.9 million, the new office brings together the related activities and programs of the Sport and Recreation Commission and the Department of Health, including tobacco control, active healthy lifestyles, and addiction prevention, and includes funding and grants to support regional and community-based programs.

The Office of Health Promotion will play a key role in helping Nova Scotians achieve our collective vision for a healthier, more prosperous province.

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Nova Scotia: Let's Keep Growing

Budget Background

Adequate, affordable housing

Halifax: April 3, 2003

Department of Community Services

The province is committed to improving the health, well-being, and self-sufficiency of Nova Scotians by providing affordable housing to low-income families, seniors, and individuals with mental or physical challenges. Through the housing division of the Department of Community Services, the province offers a wide range of housing programs and services for about 20,000 Nova Scotian families each year. These include rental housing accommodation and supplements, grants or loans for home repairs and renovations, and mortgages to purchase or build modest homes.

In addition to maintaining expenditures for existing housing and repair programs, in 2003–2004 the province will work with all levels of government and communities to help people find affordable housing in Nova Scotia. Programs include:

- The Canada–Nova Scotia Affordable Housing Program agreement—signed last fall between the province and the federal government—is a $38-million joint initiative that will provide funding for the construction or renovation of up to 1,500 affordable housing units for low- to moderate-income Nova Scotians over the next five years.
- The Residential Rehabilitation Assistance Program provides forgivable loans to low-income Nova Scotians who require much-needed repairs to their homes to ensure the safety and adequacy of their housing. This program assists approximately 1,000 families each year and has been renewed for an additional three years as a result of continued funding from both the provincial and federal governments.
- The province plays an active role in the Supporting Community Partnerships Initiative, which addresses the issue of homelessness in Canada's major cities. Since it began three years ago, the program has achieved some important results in the province's capital, including the formation of a steering committee, the development of a Community Action Plan on Homelessness, and the completion of more than 30 projects to improve and expand existing community infrastructure. The province will continue to provide a significant level of funding for this initiative, to complement renewed federal funding.

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Nova Scotia: Let's Keep Growing

Budget Background

Skills and learning for prosperous futures

Halifax: April 3, 2003

Department of Education

A seven-year, $123-million expansion to the Nova Scotia Community College system will make room for an additional 2,500 students across the province.

The expansion includes a new metro Halifax campus and major renovations and upgrades to 13 other campuses, with major projects in Port Hawkesbury, Kentville, Stellarton, and Truro. Design work will begin in 2003–2004. This long-term investment, with $9 million budgeted this year, will allow more students to access programs and courses closer to their home communities.

The government is also investing $1.5 million to advance the province's skills agenda. The additional funding will help more Nova Scotians to upgrade their education and training and be successful in a skills-based economy.

As part of the $1.5 million, $700,000 will be invested in the Nova Scotia School of Adult Learning, which means more Nova Scotians will be able to improve their reading, writing, and other essential skills and earn their high school diplomas. This investment will mean shorter waiting lists and more options for students, such as evening or weekend courses and distance education.

We're also making extensive changes to the apprenticeship training system so we can help create more jobs for skilled tradespeople and increase business opportunities for Nova Scotians. Public consultation told us that training costs should be shared among government, employers, and apprentices. Revenue generated from apprenticeship fees will be put back into the system to expand training opportunities and deliver higher levels of service.

Other investments within the $1.5-million funding include $350,000 for the Skills Strategic Initiative Fund and $100,000 for labour market programs to address the skills and learning needs of the workforce. It's another way to help Nova Scotia remain competitive in world markets. Workplace education programs are proven to increase the morale, efficiency, and productivity of employees. They also show the world that Nova Scotia businesses are strong competitors in local, national, and international markets.

For more information on Skills Nova Scotia, please visit our Web site at <www.skillsnovascotia.ednet.ns.ca> or call 1-902-424-7764.

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Nova Scotia: Let's Keep Growing

Budget Background

Making it easier to do business with government

Halifax: April 3, 2003

Service Nova Scotia and Municipal Relations

The Nova Scotia government is making it easier for businesses to do business with government.

In 2003–2004, Nova Scotia will take a giant step towards modernizing the province's land registration system. A new, electronic-based land registration system is now operating in Colchester County and will be rolled out across the province over the next two years. This new system will replace the 250-year-old, paper-based Registry of Deeds. It will reduce red tape and improve efficiency by eliminating the costly and time-consuming need to do a historic title search each time a property is sold or mortgaged.

Staff at Service Nova Scotia and Municipal Relations are working with municipal governments to expand the variety of electronic services offered by local governments in Nova Scotia. The department and municipalities want to increase the quality and quantity of e-services by focusing on best practices and cost efficiencies. Internet customers want quick and easy access to government information and clearly organized Web sites. Service Nova Scotia and Municipal Relations is working with municipalities and other public-sector organizations to improve the organization of Web site information and other services.

The Nova Scotia Business Registry now offers 37 licences, permits, and registrations that can be obtained or renewed from government departments and the Workers' Compensation Board. This service enables businesses to go on line to register a business, complete licence applications and renewals, make payments, and obtain clearance letters from the Workers' Compensation Board.

Government plans other e-service improvements for business throughout 2003–2004:

- Checking for a vehicle lien through the Personal Property Registry will become more convenient with an on-line access service.
- A new Web site designed for business clients will improve access to electronic services for the business community.
- Nova Scotians will be able to save time by using the Internet to submit a single change of address notice that will then be distributed to several government departments or agencies.
- Businesses owing Registry of Motor Vehicles fines will be able to pay their fines on line.

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